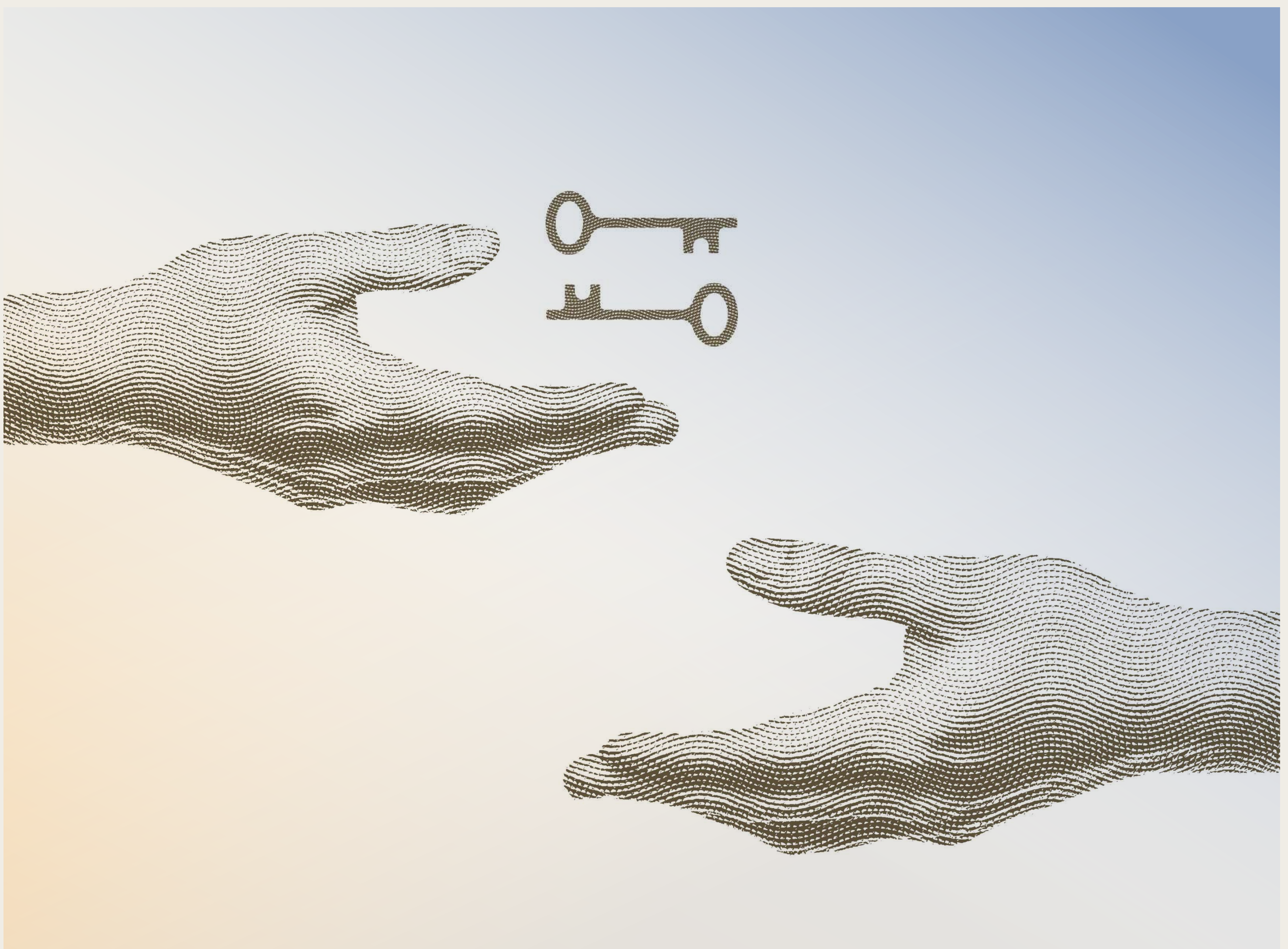




The *Definitive* Bitcoin Inheritance Handbook





Contact

Navigating inheritance plannings can seem overwhelming, but you don't have to do it alone. Reach out to us today by contacting client-services@gannetttrust.com.

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Table of Contents

I: Introduction

II. Estate Planning Fundamentals

III. The Process: What happens when I die?

IV. Estate & Inheritance Planning Tools

V. Implementing the Plan: Estate Administration

VI. Creating a Holistic Plan

VII. Considerations when developing your bitcoin access and recovery protocol.

VIII. Useful Terms and Definitions



I. Introduction

Securing your bitcoin legacy doesn't have to be complicated. With the right planning, resources, tools, and partners, you can ensure your loved ones receive what you've built after you're gone, without unnecessary stress, delays, or risk.

Bitcoin succession planning often fails in practice. This is typically not because bitcoin is "too technical," but rather because the plan itself is incomplete. While there are various methods and ways to securely store bitcoin over the long haul, they do little good if they do not work for your unique circumstances, goals and needs. Since individual circumstances vary, it is crucial to develop a customized plan.

This handbook is designed to help you:

- Understand the basics of estate and inheritance planning
- Establish a strategy that integrates bitcoin into your estate plan
- Maintain a bitcoin administrative protocol that:
 - ◆ *eliminates single points of failure*
 - ◆ *aligns with the legal directives outlined in your estate plan*
 - ◆ *controls what information is shared when, and which parties receive it*
 - ◆ *ensures your loved ones can access your bitcoin – no matter their technical experience*

This document is provided for educational purposes only. Unchained does not provide legal advice. Please consult your estate-planning attorney for additional information related to your estate. Estate planning and succession laws vary by jurisdiction, and the regulatory treatment of digital assets in estate and probate proceedings may be subject to change.



II. Estate Planning Fundamentals

Overview

Estate planning is the process of establishing how you want your assets to be managed during your lifetime and after death. A thoughtful estate plan ensures your assets go to the right people or causes, designates trusted individuals to act on your behalf if you become incapacitated, and can help reduce fees and complexity for your loved ones.

Unless you have a deliberate plan, your assets may be subject to state probate laws. Courts will apply default rules to determine who manages your estate and who receives your assets, which can result in outcomes that do not align with your wishes. In its simplest terms, estate planning involves preparing for the transfer of your assets after your passing.

A well-rounded estate plan typically includes one or more of the following:

- ◆ **Will:** A legal document that outlines how you want your assets distributed
- ◆ **Plan for Incapacity:** Legal designations that allow someone you trust the authority to make legal and/or financial decision on your behalf if you're unable to (e.g. healthcare directives, powers of attorney, trusted contact designations, etc.)
- ◆ **Trust:** A fiduciary arrangement that allows a third party (trustee) to hold and manage assets on behalf of beneficiaries
- ◆ **Administration Plan:** This is a complete set of clear instructions, made available to your personal representative and beneficiaries that ensures assets may be located, accessed, and managed in the event of incapacitation or death (e.g. letter of instruction, asset inventory, estate binder, account access protocol, etc.)



Estate Planning is for *Everyone*

If you're considering how your bitcoin will be managed if you become incapacitated or pass away, an estate plan is critical. Estate planning is not just for the wealthy or elderly. Accidents or unexpected illnesses can and do happen at any age.

Having a plan in place helps ensure your wishes are respected, your loved ones are protected, and your assets are managed effectively.

If you are thinking seriously about who will manage your bitcoin if you cannot, an estate plan is a critical part of that process.

Seek Professional Help

An estate planning attorney can help design a strategy tailored to your wishes and equip your loved ones with what they need. Since bitcoin is not unique in a legal sense, your attorney does not require specialized knowledge of the asset itself to incorporate it into your existing plan.

Given the deeply personal nature of estate planning, you should select a professional who fosters a sense of security, respect, and understanding. Starting a conversation and building a relationship with an attorney in your local area can be a great first step.





III: The Process

What happens when I die?

After a person's death, someone must be appointed to settle the decedent's estate. When you die, your estate and assets held in your name generally enter a court-supervised process called probate, where someone is appointed to pay debts, taxes, and distribute the remaining assets to your heirs.

Most people name an **executor** in their **last will and testament (will)**. The **executor** (called a personal representative in some states) is responsible for managing the estate's affairs, which includes locating and safeguarding assets, paying outstanding debts and taxes, and distributing remaining property to beneficiaries according to the instructions in the will. Throughout the process, the executor acts as a fiduciary, meaning they are legally obligated to act in the best interests of the estate and its beneficiaries.

If a person dies without a valid will, they are said to have died **intestate**. In that case, a **probate judge** will appoint an **administrator** to manage the **estate**. In either case, authority does not arise automatically. An executor or administrator must be formally appointed through the probate process.

This typically involves submitting the will (if one exists) and a petition for probate to the appropriate probate court. The process of validating a deceased person's final testament in court is often referred to as "**proving a will.**" Once approved, the court issues official documentation—often called **Letters Testamentary** or **Letters of Administration**—that legally authorizes the individual to act on behalf of the estate.

The administrator must then submit an **inventory of the decedent's estate** to the court, along with the values of assets and liabilities. The inventory provides a snapshot of the estate's value at the time of death and helps the courts ensure fair treatment of heirs, creditors and beneficiaries. Assets listed in the inventory may include real estate, vehicles, financial accounts, and personal items of value.

If assets are missing or improperly inventoried, it can lead to litigation. If the executor suspects that assets are missing, or a beneficiary believes that property has been taken, it can delay probate, increase costs, and expose the executor to legal risk.



Probate: Why it exists and what it governs

Probate is the court-supervised legal process used to validate a will, appoint a representative, pay debts, and distribute assets after an individual passes away. While probate is often viewed as something to be avoided, it provides an essential public service and exists to protect and prevent the mistreatment of individuals and their property.

Probate courts handle specific legal matters related to estates, guardianships, and the protection of vulnerable adults. Their primary services include:

- **Validating wills:** The court confirms a will's legality and appoints an executor or (if there's no will) an administrator to manage the estate.
- **Protecting creditors:** The court ensures that all legitimate debts and taxes are paid from the estate's assets before beneficiaries receive anything.

Probate courts also manage Guardianships and conservatorships, appointing individuals to make personal (guardians) or financial (conservators) decisions for incapacitated adults or minors.

When it applies and when it doesn't

Generally, all assets that you own in your name and have not designated a beneficiary for will go through probate. Any property you own in another state will be subject to that state's jurisdiction and probate system too. Upon your death, these assets are gathered into the estate, inventoried, and distributed under the authority of the executor. If a will exists, the will controls distribution. If no will exists, state intestacy laws apply.

Many clients choose to transfer some or all of their assets out of their estate and outside formal probate proceedings. In Section IV, we'll explore common estate planning tools used to reduce taxes, avoid probate, and streamline the transfer of assets to your beneficiaries.



Essential Qualities to Look For

Whether you choose a loved one or a professional executor, they must be:

- **Trustworthy:** After you're gone, your executor will have full access to all finances and sensitive information.
- **Organized and responsible:** Your executor must keep meticulous records, meet strict deadlines, and manage multiple financial accounts.
- **Reliable and available:** Prioritize someone who is in good health, is likely to outlive you, and has the capacity to manage a significant administrative workload for several months.
- **Effective communicator:** Essential for maintaining clarity with beneficiaries and proactively mitigating potential disputes.

Before naming an executor, discuss your expectations and obtain their consent. If you choose a loved one, name at least one alternate executor. The executor must know the location of your estate administration plan (binder, letters, and bitcoin protocols).





Considerations when choosing an executor

Choosing an executor is one of the most critical decisions in estate planning, as this individual or entity acts as the legal representative responsible for settling your final affairs. The role is primarily administrative and often takes between a few months and several years to complete.

Most people initially consider a spouse or adult child, but the choice between a family member and a professional executor depends on the complexity of the estate and family dynamics.

Benefits

Friends or family:

- Often lowest cost
- Know your wishes
- Understand your values
- Know family dynamics

Professional executors:

- Impartial & Unbiased
- Efficient and expert
- Can prevent errors and delays

Limitations

Friends or family:

- Lack specialized expertise
- May find the role emotionally overwhelming during a period of grief
- Higher risk of family conflict or perceived favoritism, especially if they are also a beneficiary

Professional executors:

- Fees reduce the estate
- Less personal connection to the family
- May be more formal and less flexible



IV: Estate and Inheritance Planning Tools

An estate plan is a combination of legal documents and administrative protocols that dictate how your assets will be managed in your lifetime and after death.

Every circumstance is unique, but generally a comprehensive estate and inheritance plan includes one or more of the following:

- Will
- Plan for Incapacity
- Trust
- A detailed administration plan (instructions and access protocols)

For expert guidance and tailored support, we recommend consulting with a local estate planning attorney. You may also want to include your financial and tax professionals in the process.



Last will and testament

A legal document, a last will and testament (or simply "will"), outlines the distribution of your property and assets following your death. Additionally, a will serves to appoint an executor to oversee your estate, designate beneficiaries to receive your assets, and appoint guardians for any minor children or pets.

A will is the foundation of any estate plan, but it is often not a complete solution for every need.

Benefits

- You dictate who inherits your property, avoiding state intestacy laws
- You decide and select a trusted person to manage your estate
- Quick and inexpensive to create
- Can be amended or revoked at any point
- Clear instructions reduce family conflicts

Limitations

- Assets in your estate are still subject to probate, which can be time-consuming and costly depending on your state of residence
- Wills do not cover medical or financial decisions if you become incapacitated
- Does not control assets with beneficiary designations (e.g. life insurance, retirement accounts, etc.)
- Limited privacy, because wills and estates become public record
- Can be contested more easily by dissatisfied heirs or creditors



Plan for incapacity

A comprehensive estate plan covers various scenarios, including sudden illness, serious injury, or age-related cognitive decline. A plan for incapacity is a set of legal documents that authorizes trusted individuals to manage your financial, legal, and medical affairs if you become unable to do so. Core components of an incapacity plan include:

- Financial power of attorney
- Living will (advance directive)
- Medical power of attorney (healthcare proxy)

Financial power of attorney

A financial power of attorney (POA) is a legal document that gives someone you trust (your "agent" or "attorney-in-fact") the authority to manage your bank accounts, pay bills, and handle legal matters.

Benefits

- **Operational continuity:** If you become incapacitated or unavailable, your agent can immediately step in to pay rent and bill, manage investments, file taxes and handle insurance claims.
- **Avoids court intervention:** Without a POA, your loved ones may need a court order to appoint someone as a guardian or conservator, which can be costly and time-consuming.
- **Flexibility:** You can tailor the POA to grant broad or limited powers, depending on your needs.

Limitations

- **Limited Power:** The authority to act ends upon your death. POAs are only valid during your lifetime. Unlike a joint account (discussed later), the agent does not own the assets; they have a fiduciary duty to act solely in your best interest.
- **Potential for bank rejection:** Some financial institutions are wary of POAs and may refuse to honor older or out-of-state POAs.
- **Increased risk of abuse:** Once powers are granted, the agent can act without your oversight, which means an untrustworthy person could mismanage or steal your funds.



Living will (advance directive)

Outlines your specific preferences for end-of-life care, such as life support or tube feeding. A living will specifies which treatments you want or refuse in terminal or end-stage conditions.

Benefits

- **Clear decision making:** Ensures medical care aligns with your values, even when you are unconscious or incapacitated. Can prevent procedures that you may find undignified.
- **Reduces family burden:** Relieves loved ones of the immense stress and “guesswork” of making life-and-death decisions during a crisis.

Limitations

- **Not strictly binding:** While legally recognized, physicians may refuse to follow a directive if it conflicts with their conscience or hospital policies
- **State-by-state differences:** Some states may not automatically honor a POA created under another state’s laws, or they may require specific wording or formatting.

Medical power of attorney (healthcare proxy)

Names someone to make medical decisions if you cannot communicate your wishes.

Benefits

- **Clear decision making:** Ensures the person you want to make decisions is empowered to do so.
- **Prevents conflict:** Clear instructions help avoid disagreements between family members who may have different views on your care.

Limitations

- **Changing preferences:** Your feelings may evolve over time, but if you don’t update the document, it may reflect outdated choices.
- **State-by-state differences:** Some states may not automatically honor a POA created under another state’s laws, or they may require specific wording or formatting.



Contingency Planning: Additional Tools

Joint accounts

Joint accounts are financial accounts owned by two or more people, giving each party equal access to deposit, withdraw, and manage funds. In most cases, this means each person named on the account has shared, equal ownership over the funds, regardless of who deposited them. If one owner dies, the survivor automatically becomes the sole owner, bypassing probate.

Benefits

- Easier bill paying, improved budgeting, and emergency access.
- Provides immediate, legal access to funds in emergency or upon the death of one party.

Limitations

- Risks of overspending, loss of privacy, potential for financial conflicts, and shared liability for debts.
- Risk of misuse and one party withdrawing all funds without the other's permission.
- Outdated information can lead to bad outcomes.

If an account isn't updated after a divorce, a former spouse may retain the legal right to withdraw all funds.



Beneficiary designations

Certain bank, brokerage, retirement, and other financial accounts may allow the account owner to name one or more beneficiaries who will receive the account assets upon the owner's death. These are often referred to as Transfer on Death (TOD), Payable on Death (POD), or beneficiary designations, depending on the type of account and institution.

A beneficiary designation allows the assets in the account to pass directly to the named beneficiary after the owner's death, without those assets going through the probate process. This can simplify estate administration by providing a faster, more private, and often less costly transfer of assets.

A beneficiary generally has no ownership rights, control rights, or access rights to the account during the owner's lifetime. The owner remains in control of the account and may usually change or revoke the beneficiary designation at any time. The transfer of ownership occurs only after the owner's death and after the beneficiary completes any required verification, documentation, or claims process.

Tradeoffs of beneficiary designations

While beneficiary designations can be a powerful estate planning tool, they must be carefully integrated with the rest of the estate plan. Beneficiary designations are account-specific and generally override instructions in a will. For example, if a will says that all assets should pass to one person, but a specific account names a different TOD beneficiary, the account will typically pass according to the beneficiary designation, not the will.

Prevent outdated or incorrect beneficiary designations by reviewing them periodically, especially after major life events. Because beneficiary designations can override other estate planning documents, account owners should coordinate beneficiary elections with their attorney, tax advisor, and financial institution to ensure the designations are current, and consistent with their broader estate plan.



Trusted contact designations

A trusted contact is a person you authorize your financial institution to contact in limited circumstances, typically if they suspect fraud or cannot reach you. Even if you already have a spouse or relative listed as a beneficiary on the account, a trusted contact provides an additional layer of protection in case an issue arises. A trusted contact may discuss urgent matters and provide information like your current contact information, health status, contact information for other authorized parties, such as a power of attorney.

It's important to note, however, that a trusted contact cannot act on your behalf. A bank or financial institution will not grant a trusted contact access to your accounts, balance info, or account history as a trusted contact does not have the authority to act on your behalf or act as a power of attorney or legal agent.

Benefits

- **Emergency contact:** If you are traveling, displaced by natural disaster, or hospitalized, your financial institution has a pre-authorized way to find you or confirm your well being.
- **Protection during cognitive decline:** Provides a “second line of defense” against financial exploitation.

Limitations

- **Limited power:** In a true crisis as they lack the authority to make decisions or access accounts. Can immediately contact another account holder, a conservator, or power of attorney.
- **False sense of security:** Some investors may mistakenly believe a trusted contact replaces the need for a formal power of attorney or living trust, which are still necessary for actual asset management.



Revocable trusts

A revocable living trust, sometimes called a “living trust” or “revocable trust,” allows a grantor to maintain control over their assets when they’re alive. Revocable living trusts can be thought of as a way to maintain control over your assets during your life while ensuring those assets don’t pass through probate at death.

Benefits

- The grantor maintains flexible control over how and when beneficiaries receive access
- Avoids probate, allowing beneficiaries quick access to assets
- Protects the privacy of beneficiaries from having details of inheritance made public

Limitations

- Higher initial setup cost and complexity as compared to a last will and testament
- If assets are not properly retitled into the trust during the grantor's lifetime, they will not be governed by the trust and may still need to go through probate
- Because the grantor maintains control, the trust’s assets are considered part of the grantor’s estate and are thus vulnerable to claims from creditors



Trusts

A properly structured trust is one of the most powerful tools for estate planning, asset protection, and financial management. They are a legal arrangement involving three parties: the grantor, the trustee, and the beneficiary.

Key Roles in a Trust

- **Grantor.** The person who creates the trust and transfers assets into it. This person determines the trust's purpose, establishes its terms, and chooses the other parties—the trustee and beneficiaries. The grantor must decide if the trust will be revocable or irrevocable, which we'll discuss more below.
- **Trustee.** The person or entity that's responsible for managing the trust's assets according to its terms and in the best interest of the beneficiaries. A trustee can be the grantor themselves (while still alive), a loved one (friend or family), a professional (like a local attorney or accountant), or a corporate entity (like a bank or trust company).
- **Beneficiary.** The person or entity who benefits from the trust's assets or income. They receive distributions from the trust as outlined in its terms. Grantors can set specific terms and conditions for beneficiaries to receive trust assets.

Assets owned by a trust typically do not pass through probate. By transferring assets into a trust, they become titled to and legally owned by the trust rather than the individual. After the grantor passes away, the trustee oversees the trust and distributes assets according to the terms of the trust, without court involvement. This can significantly reduce delays, costs, and public disclosure when compared to settling an estate.



Structuring a Trust: Critical Design Elements

Purpose & intent

Detailed objectives, designation of beneficiaries, criteria for distribution, specific inclusion rules, and methods for funding the trust

Timing

Deciding whether to create the trust while you're alive (inter vivos or living trust) or upon death through your will (testamentary trust)

Flexibility & control

Determining if the trust will be revocable (can be modified, amended, or canceled by the grantor) or irrevocable (generally cannot be altered by the grantor after creation)

Tax treatment

Structuring the trust as a grantor trust (taxed under the grantor's SSN, treated as a disregarded entity) or a non-grantor trust (treated as a separate legal entity for tax purposes).

Governing law

This is generally the state legal system and trust laws that govern the validity, construction, and legal effect of a trust instrument

Trustee selection

A crucial decision that involves careful thought and consultation with an estate planning attorney.

Designing a strategy should always be done in close consultation with a legal professional. Selecting an attorney in your local area is often beneficial, as they are familiar with local probate, estate, and tax laws and can provide a more personalized plan when compared to larger, less specialized multinational law firms.

A well-structured and administered trust is a powerful tool for asset protection, tax efficiency, and long-term wealth preservation. Non-compliance with tax and legal mandates can result in tax and legal disputes, and potential invalidation of the trust.

To design the appropriate strategy to meet your unique needs, it is vital to work with an experienced legal professional. You can often find attorneys who specialize in specific areas of estate planning, such as special needs, tax optimization, asset protection, or blended family arrangements.



Considerations when choosing a trustee

A trustee can be the grantor themselves (while still alive), a loved one (friend or family), a professional (like a local attorney or accountant), or a corporate entity (like a bank or trust company).

Selecting a trustee involves evaluating a candidate's ability to fulfill long-term fiduciary duties, which are often more extensive and durable than those of an executor. Because trusts can last for decades, the choice must balance personal trust with technical competence.

	Advantages	Disadvantages
Oneself	<ul style="list-style-type: none">• Maximum control over assets and decisions• Lowest cost• Flexibility to adapt quickly• Deep understanding of family goals	<ul style="list-style-type: none">• No independent oversight• Limited succession and continuity planning• Risk of incapacity during administration• May weaken asset protections
Family or friend	<ul style="list-style-type: none">• Personal knowledge of family dynamics• Lower cost than professionals• May lack technical competence or experience with unique assets (e.g. art collection, bitcoin, etc.)	<ul style="list-style-type: none">• Potential for family conflict• May lack fiduciary expertise• Emotional pressure from beneficiaries• Administrative burden (tax filings, distributions, recordkeeping)
Corporate/professional trustee	<ul style="list-style-type: none">• Fiduciary expertise• Impartial decision-making• Long-term continuity (institution survives generations)• Strong administrative capabilities	<ul style="list-style-type: none">• Higher fees• Less personal knowledge of beneficiaries• May appear bureaucratic• Less flexible in some cases



Trust administration can be time-intensive and involve meticulous recordkeeping and oversight. When selecting a trustee, you should ensure your choice has the "bandwidth" to handle these duties over the long term. While a trustee doesn't need to be an investment or tax expert, they must be financially responsible and willing to hire professional advisors when needed. Trustees are also subject to rigorous legal standards and face personal liability for any mismanagement. It is therefore important to evaluate whether a candidate possesses the necessary judgement to handle the responsibilities.

Trustee Selection Matrix

Factor	Oneself	Family or friend	Professional trustee
Personal family knowledge	Very High	High	Low-Moderate
Impartiality	Low	Low-Moderate	High
Continuity	Low	Low-Moderate	Very High
Professional Oversight	Low	Low	High
Experience with unique assets	Low-Moderate	Low-Moderate	High
Cost	Low	Low-Moderate	High



When is a corporate trustee right for me?

Consider appointing a corporate (professional) trustee when the demands of trust administration exceed what a family member can reasonably handle or in situations where long-term planning and impartial decision-making are required.

A professional trustee (such as a trust company, specialized law firm, or professional fiduciary) can be a smart choice in several scenarios, including situations where:

- **No suitable family member available:** Choosing a family member to be your successor trustee can introduce certain risks, including the potential for loss if a family member misplaces a recovery seed phrase or falls for a social engineering or phishing scheme. When no one is willing or able to take on all of the responsibilities, engaging with a professional trustee can significantly lighten the tax, legal, and administrative burdens associated with managing a trust.
- **Long-term continuity and administration is a must:** Unlike an individual trustee who may become incapacitated or pass away, a corporate trustee is a legal entity that continues indefinitely. This means that the trust can be administered without interruption over multiple decades or even generations. For trusts designed to last many years, corporate trustees can ensure that your original intent is carried out without unnecessary complications, disputes, or delays.
- **Consistent, objective decision making is a must:** Corporate trustees follow established fiduciary standards, reducing the risk of inconsistent or subjective decisions. When beneficiaries have differing needs or there are sensitive family dynamics, a corporate trustee can apply the trust's terms impartially, avoid favoritism or conflicts of interest, and provide a buffer between beneficiaries and the decision-making process.
- **No suitable family member available:** Choosing a family member to be your successor trustee can introduce certain risks, including the potential for loss if a family member misplaces a recovery seed phrase or falls for a social engineering or phishing scheme. When no one is willing or able to take on all of the responsibilities, engaging with a professional trustee can significantly lighten the tax, legal, and administrative burdens associated with managing a trust.



- **Your beneficiaries need specialized support:** When a beneficiary has special needs, behavioral or addiction issues, or poor money management skills, a corporate trustee can ensure funds are used appropriately for care, education, or other purposes and can monitoring ongoing needs and adjust support accordingly.

Choosing a corporate trustee can offer significant advantages, especially if family members are unprepared or unable to handle the often complex tax, legal, and administrative challenges involved with inheritance planning. While professional trustees offer expertise, continuity, and objectivity, they do charge fees, which are often a percentage of the trust assets. For smaller or very simple estates, the cost may not be justified. However, they can often save money through proper tax planning, avoiding errors, and superior investment management.

Conclusion

There are a wide array of options and tools to consider when developing an estate and inheritance plan. For more complex situations, specialized legal structures and account types may be necessary, which require proper oversight for correct administration. Failure to administer your estate and inheritance plan correctly can lead to legal disputes and can result in the invalidation of your trust. When determining who should be named trustee, it's important to ensure that they possess the knowledge and skills to manage the trust's assets. For many, a corporate trustee is a good option. To determine what's right for you, consult with an experienced estate planning attorney who understands your specific needs, goals, and objectives.



V: Implementing the plan

Estate administration

Once the documents in an estate plan are established to handle the legal transfer of assets, the next step is to ensure the successful technical execution of your plan. To ensure your executor and beneficiaries can handle the operational realities in settling your estate, you must develop an administrative protocol.

An administrative protocol (often referred to as an estate notebook or letter of instruction) is a complete set of clear instructions and steps to locate, access, and manage your assets in the event of incapacitation or death.

An administrative protocol includes:

- ◆ All important legal documents (will, medical information)
- ◆ Asset and account inventory (letter of instruction)
- ◆ Account access protocol (bank accounts, safe deposit boxes, bitcoin)



VI: Creating a Holistic Plan

The goal of an estate plan goal is to transfer your assets to the correct people, at the right time, with minimal friction, cost, and conflict. Create a holistic plan can be divided into three phases:

- 1. Conduct an inventory and life assessment:** A diagnostic self-assessment to clarify your goals and objectives before consulting an estate planner.
- 2. Speak with your estate planning attorney.**
- 3. Formulate a detailed administration plan:** An estate notebook or letter of instruction with clear steps to locate, access, and manage assets upon incapacitation or death. This protocol includes:

Consolidating all necessary information into an "estate binder" is recommended. This binder should be kept in a secure physical location, such as a home safe or bank deposit box. Additionally, you might choose to leave certain details on file with your estate planning attorney. While digital estate binders are an option, it is crucial to thoroughly vet any cloud service before uploading sensitive documents.



Where bitcoin adds a layer of complexity

Many investors consider bitcoin a generational asset, but considering it one does little good if you don't consider deeply how to pass it on to the next generation securely. In addition to everything we've covered thus far, there are additional factors that must be considered to ensure that your bitcoin is properly included in your estate plan.

Bitcoin succession plans fail in practice all the time. This typically isn't due to a lack of care or because bitcoin is overly complex or "too technical" for beneficiaries, but rather because the plan was incomplete. Thankfully, with the right planning, resources, tools, and partners, you can ensure your loved ones receive what you've built after you're gone, without unnecessary stress, delays, or risk.

A good bitcoin access protocol answers five fundamental questions:

- ◆ Who legally owns the bitcoin?
- ◆ Who controls the keys today?
- ◆ Who gains authority upon death or incapacity?
- ◆ How will they access the keys and instructions?
- ◆ How will they safely and reliably execute the recovery process?



Structuring a bitcoin succession plan: *Critical design elements*

- 1. Clear legal assignment of ownership.** Establishing clear legal ownership of your bitcoin is a critical element of your estate plan. For assets like real estate, cars, and boats, title transfer is completed by executing a deed and recording it with the local land records or maritime registry office. For tangible personal property such as art or jewelry a written assignment is used to formally list and declare the transfer of ownership. For traditional financial accounts, reassignment of title is typically done by designating TOD beneficiaries, or creating a new account to hold the assets.

The importance of formal legal assignment: *While your private keys control your bitcoin, you must formally assign these assets to your intended beneficiary—whether that's an individual, a trust, a business, or a charity. Proper legal documentation is essential. Without it, a court could rule against an entity like a trust or business if it finds the assets were improperly held or mixed with personal funds. Collaborative custodians provide tools and features that can help you maintain detailed transfer records. These tools can assist you and your estate planning attorney ensure asset ownership is properly established and maintained.*

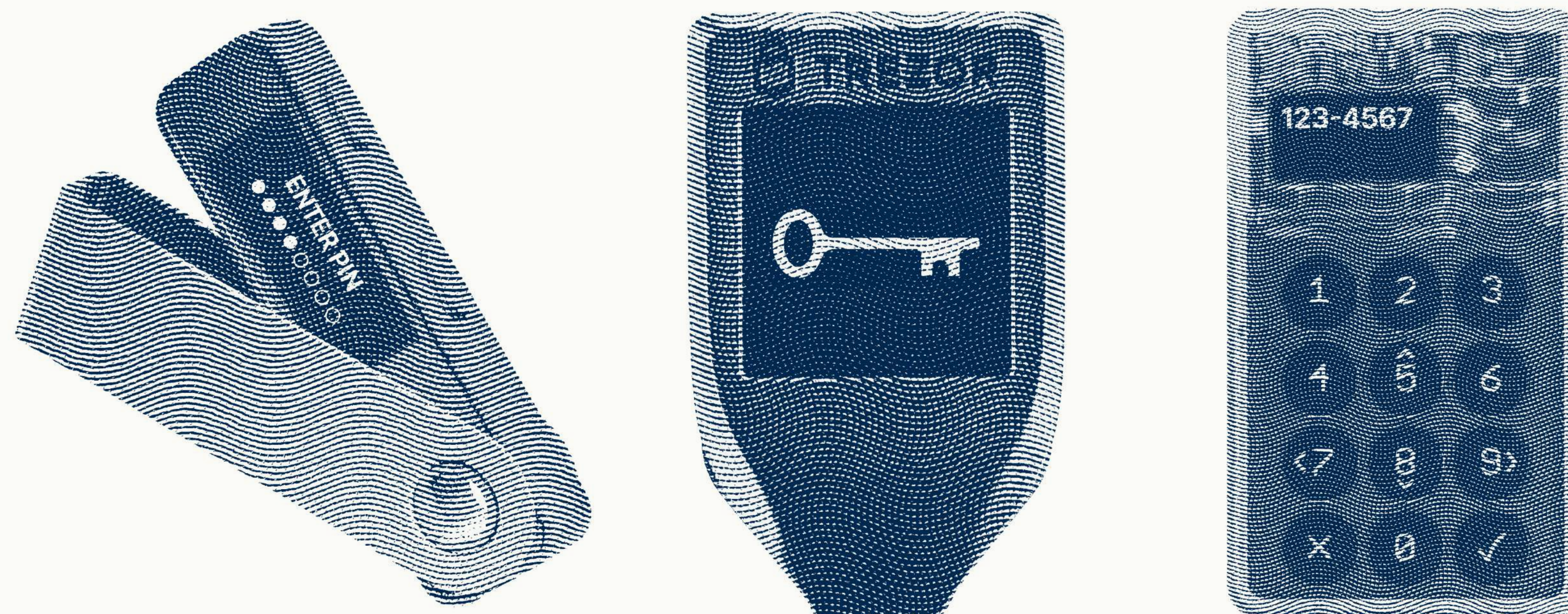




Structuring a bitcoin succession plan: *Critical design elements*

2. Key control and storage model. Your key management system should protect the bitcoin today while ensuring it remains recoverable in the future. A resilient design avoids single points of failure and protects against things like loss, theft, fire or natural disaster, and individual misconduct. Important considerations include:

- ◆ **Use multisignature wallets.** For secure, long-term bitcoin holding and estate planning, multisignature wallets are the superior choice. Single-signature wallets should not be used for estate planning purposes.
- ◆ **Securely store backups.** Seed phrases should be stored on durable, fire-resistant materials rather than paper. Store the wallet configuration file, needed to reconstruct the wallet and view balances, in a digital estate folder or with a collaborative custodian.
- ◆ **Geographically separate secrets.** Seed phrases should be distributed across multiple secure locations (for example: home safe, bank vault, trusted collaborator, or professional custody partner).
- ◆ **Segregate duties and responsibilities.** Avoid placing full control in the hands of a single individual. Different parties may hold different pieces of information. Distribute important information among multiple parties.
- ◆ **Align key management and estate plans.** Ensure that role assignments and responsibilities are consistent with the overall estate plan. For instance, it may be prudent to avoid giving younger beneficiaries direct control over key materials.





Structuring a bitcoin succession plan: *Critical design elements*

3. Authority and governance. A secure plan must clearly define who is authorized to act and under what conditions. Without clear governance, anyone with access to the keys may be able to move funds regardless of legal authority. Key safeguards include:

- ◆ **Independent oversight.** Before any keys are utilized, their usage must be preceded by independent verification of the legal authority to do so. This may involve confirmation by an attorney, corporate trustee, or professional collaborative custody partner.
- ◆ **Family oversight and supervision.** Avoid relying exclusively on a single person. Implement backup roles to guarantee continuity should a primary individual become unavailable. Regular check-ins with your designated people are essential. You must confirm they still have the necessary information, fully understand their responsibilities, and remember the required procedures.
- ◆ **Avoid fragile automation.** Technical mechanisms such as time-locks or server keys can fail or create unintended consequences. Human oversight and clear governance procedures are typically more reliable.



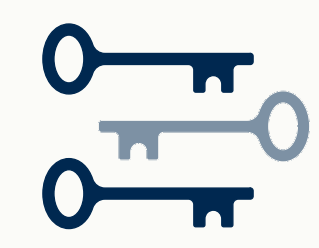
Structuring a Bitcoin Succession Plan: *Critical Design Elements*

- 4. Access and recovery procedures.** This administrative protocol details the steps for your authorized parties to follow after your passing. Everyone's access and recovery playbook is unique, though effective plans generally include a clear, plain-language guide explaining where your keys are stored or who has access, how the recovery process works, and which professional or services should be contacted. This guide might be kept in the same place or with the same individual, or it could be held by a different person in a completely separate location.
- 5. Training, education, and maintenance.** Even the best-designed succession plan can fail if heirs are unwilling or unable to execute it. Knowledge transfer and routine maintenance help ensure the plan remains functional over time. Recommended best practices include:

- ◆ **Routinely practice skills.** At least once or twice per year, you should verify seed phrase backups, confirm hardware functionality, update device firmware, confirm contact information, make changes to the review as needed. This is a living plan and needs to adapt with you.
- ◆ **Periodic education.** Introduce heirs to basic Bitcoin concepts and explain the structure of your custody setup. When the time is right, have them perform periodic recovery exercises to ensure that they can reconstruct your wallet when necessary.
- ◆ **Professional support.** Ensure heirs have access to trusted professionals who can provide training and education, and assist with technical matters, if needed.



Key tips to be successful



Multisignature key control: Use multisig to remove single points of failure and improve governance. Favor human oversight over complex automation.



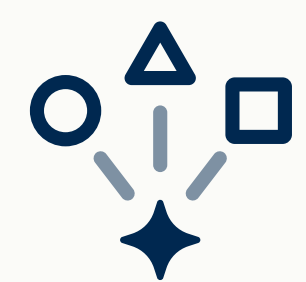
Transfer and retitle assets correctly: Formally document legal ownership before creating access protocols. Use collaborative services to maintain accurate records.



Incorporate independent oversight: Use collaborative custodians or professional trustees to verify legal authority before key usage.



Appoint and train administrators: Don't wait for a crisis. Formally select, authorize, and empower your chosen administrators now. Ensure they are trained and understand the necessary steps to take when the time comes. The greater the responsibility you assign, the more crucial and frequent training is and should be.



Simplicity is survivability: Keep protocols practical. Human-led oversight and governance is more reliable than overly complex technical mechanisms like time-locks or server keys. Be realistic when designing your access protocol and understand what your beneficiaries and successors will require



Maintain a living document. Your bitcoin succession plan is not static; it requires regular maintenance and updates. We recommend an annual review to confirm all elements are functional. This includes checking hardware health, verifying the security and integrity of your recovery seed phrases, and ensuring all contact information is up to date.



Considerations when developing your bitcoin access and recovery protocol

These questions are designed to help you identify the essential elements of your bitcoin access and recovery protocol. For professional assistance when developing your key management strategy, consider scheduling a consultation with Unchained.

- Do you have a will or trust?
- How prepared is your spouse to manage your bitcoin if you suddenly couldn't make decisions for six months?
- Do you wish to distribute different amounts of bitcoin to different beneficiaries?
- Does your inheritance plan span multiple generations?
- Does your current plan specify that assets pass to one person, outright and immediately?
- How familiar are you with multisignature bitcoin wallets?
- If part of your plan fails, can you perform a "seed phrase recovery?"
- Do you want to be solely responsible for your own self-custody?
- Do you want one-on-one professional assistance if something breaks?
- Does your protocol assume the beneficiary has a basic understanding of bitcoin self custody?
- Should your designated loved one be responsible for securing your backup and recovery plan?
- Should a designated loved one be trained and educated on recovery procedures before any life event?
- Should your designated loved one be contacted if there's an emergency with your account?
- Do you want additional safeguards for fraud and social engineering?
- Would you prefer an approach where your attorney or professional service provides administrative oversight and technical support?



Useful terms and definitions

- **Administrator:** A person appointed by a probate court to manage and distribute a deceased person's estate if a valid will does not exist. An administrator may also be appointed if a will exists but does not name an executor, or if the named executor is unable or unwilling to serve and no qualified successor is named.
- **Beneficiary:** A person specifically named in a will or other legal document to receive assets
- **EIN (employer identification number):** A number issued by the IRS, commonly used to identify entities for tax reporting purposes.
- **Estate:** The assets and liabilities left by the decedent.
- **Executor:** A person named in a person's will and appointed by a probate court to manage and distribute a deceased person's estate.
- **Fiduciary:** A person entrusted with the responsibility to manage the assets or rights of another person. This may include a guardian, conservator, executor or administrator, trustee, representative payee, custodian, or, in some cases, an attorney-in-fact (agent).
- **Heir:** An heir is legally entitled to inherit assets when someone dies without a will, based on state intestacy law and kinship.
- **Intestate:** Dying without a will or trust, leaving the distribution of the estate and assets to be determined by state law.
- **Last will and testament:** A legal document outlining how a person's property and possessions should be distributed after death.
- **Letter of administration:** Court documents issued to a person appointed by the court to manage the estate of a deceased person when there is no valid will, or when the named executor cannot serve.



- **Letter of instruction:** A document completed and signed by a beneficiary, successor, affiant, or court-appointed representative providing specific instructions on how to disburse remaining funds in accounts.
- **Letters testamentary:** Court documents obtained by an executor or executrix confirming their appointment as personal representative with authority to settle an estate.
- **Personal representative:** Another term for Executor or Administrator in certain states.
- **Power of attorney:** A legal document that authorizes another person to act on behalf of the account owner (the principal). This authority is valid only during the principal's lifetime and terminates upon death.
- **Probate:** The legal process of collecting a deceased person's assets, paying remaining liabilities, and distributing the remaining assets according to a will or, if no will exists, state law.
- **Residence:** The official place of residence, generally determined by the state of residence listed on the death certificate.
- **Small estate affidavit:** A legal document that, in some states and under certain estate-value thresholds, allows assets to be claimed or distributed without going through formal probate. Eligibility and thresholds vary by state.
- **Trust:** A legal arrangement involving three parties: the grantor (who creates the trust), the trustee (who administers the trust according to its terms), and the beneficiary (for whom the trust is administered).

