Bought the Hype, Forgot the Paperwork

It is 2 am, Bitcoin is down another 5%, and you are in bed refreshing an app. Your spouse is asleep next to you. They do not know which app it is, what the password is, or how much that “small investment” you kept adding to is worth now.

I suspect a few people reading this have had that night recently.

Last week I wrote about Jensen Huang and how his trusts protected his fortune. I did not expect a follow-up so soon, but the crypto market gave me one.

Bitcoin has dropped about a fifth in a month and is sitting around $65,000. Over one weekend, roughly $230 billion came off the crypto market. A lot of the selling came from people who bought above $80,000 because everyone else was buying, and then sold because everyone else was selling. *Bought on excitement, sold on panic. Repeat until broke.*

I have no view to share on where the price goes next. What bothers me more is a question most crypto investors I speak to have never thought about.

If something happened to you tonight, could your family get to your crypto?

For almost everything else you own, they could, eventually. A bank account can be claimed and a flat can be transferred. It might take months and a court, but the money is still there at the end. Crypto is harder. If your coins are on an exchange, your family can usually claim them, as long as they know which exchange, and after a fair amount of paperwork. If they are in your own wallet, locked with a recovery phrase that only you know, then nobody can get in. A lawyer cannot help and neither can a court. The coins are still there, but nobody will ever be able to move them.

A 21% fall hurts. Losing all of it because nobody knew twelve words is much worse, and much easier to prevent.

There are three things that sort out most of this.

First, write down where your crypto is kept. The exchanges, the wallets, which phone the app is on. You do not need to write the passwords, just where to look. When I ask families this, most of them cannot name even one.

Second, do not put your recovery phrase in your will. A will goes through lawyers and sometimes a court, and more people end up reading it than you would expect. Keep the access details somewhere separate and safe, and make sure your executor knows they exist.

Third, if your crypto has grown into serious money, it should sit in a proper structure. Huang kept most of his shares out of his own name, and you can do something similar here. In the UAE there are two usual routes.

A trust. You pass assets to a trustee you pick, who looks after them for your family under rules you set. You can set one up in DIFC or ADGM, and it is what most families in the US and UK use.

A foundation. This is a legal entity in its own right, a bit like a company without shareholders, and it owns the assets itself. You can also set this up in DIFC or ADGM. A lot of families here prefer it because it is easier to follow and they keep more control while they are alive.

Either one can hold crypto along with your property, investments and business. Because the trust or foundation owns the assets, nothing has to be unlocked or argued over when you are gone, and the access details are kept with the structure instead of only in your memory.

Which one suits you depends on your family, what you own and how much control you want to keep. It is a much easier conversation to have when markets are calm than in the middle of a crash.

One more thing this week taught me. If a 21% drop had you checking prices at 2 am, you probably own more crypto than you are comfortable with. That is worth fixing, will or no will.

Crypto was meant to give you full control of your own money, and it truly does. The trouble is that full control also means nobody else can step in when you are not there, unless you have planned for that.

If you hold crypto today, does anyone in your family know where it is?