

Estate Planning for Cryptocurrency

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June 17, 2021



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Blockchain & Privacy

- ▶ Blockchain technology
- ▶ A blockchain is a decentralized, distributed, and typically public, digital ledger that contains records called "blocks"
- ▶ A blockchain is used to record transactions across many computers so that any involved block cannot be altered retroactively, without the alteration of all subsequent blocks
- ▶ Uses: paying for goods, smart contracts, recording deeds, keeping medical records, etc.



NFTs

- ▶ Ownership of NFTs and other such assets is recorded on a blockchain — again, a digital ledger similar to the networks that support Crypto
- ▶ Each NFT is unique and can't be duplicated
- ▶ Proof of ownership



Everydays: The First 5000 Days

Sales Price: \$69,346,250

- ▶ <https://onlineonly.christies.com/s/first-open-beeple/beeple-b-1981-1/112924>



Tracking Crypto

- ▶ No central regulatory authority.
- ▶ Digital wallet / address + [account number]
- ▶ Pin [private key/password]
- ▶ 24-word Recovery Phrase
- ▶ Decentralized
- ▶ Recording/Remembering Keys?
- ▶ Privacy: non-traceable



Lost Cryptocurrency

- ▶ 20% of BTCs are “lost” – currently worth approx. \$140B in capital.
- ▶ Significant portion is lost when investors die and their heirs have no way of tracking or access their Crypto
- ▶ CEO of a crypto exchange: \$250M worth of his clients’ Crypto
- ▶ Businessman \$500M in personal Crypto lost; heirs can’t access it
- ▶ BTC Miner died in a plane crash, leaving behind no way to access his crypto



The Dilemma

- ▶ How do you store the Wallet and Pin/Recovery Phrase in a secure and safe way so that nobody else has access to them during your life, but your heirs can access them after your death



Passing Down Crypto: Trusts?

- ▶ Finding a trustee to take custody of Crypto? Prudent Investor Rule.
- ▶ Trust drafting [trustee liability and tax provisions]
- ▶ Oversharing information on a document that contains Wallet Address, PIN, 24-word Recovery Phrase



Estate Planning?

- ▶ Include Crypto as an asset class in the estate plan
- ▶ Store Wallet Address, PIN, and Recovery Phrase in a secure online platform, and assign a “Digital Executor” to access and delegate the decedent’s Crypto
- ▶ Write down your PIN and Recovery Phrase and store them in a safety deposit box
- ▶ Letter of Direction to Trustee or other Executor
- ▶ Deadman’s Switch



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