Veritas
BITCOIN STRATEGIES

Eric Runge
Founder & CEO, Veritas Bitcoin Strategies
Author. Speaker. Registered Investment Adviser.
503-607-7454 · eric@veritaswealth.net
www.familyofficebitcoin.com



ESTATE PLANNING BRIEFING

21 Questions Every Estate Attorney Should Be Asking About Bitcoin

A practical guide to custody, drafting, administration, and tax when a client owns Bitcoin.

Bitcoin is showing up in estates faster than estate plans are adapting to it. Unlike a brokerage account, Bitcoin held in self-custody cannot be moved by court order. Whoever holds the private keys controls the asset, regardless of what the will says. The questions below are the ones that come up most often when a client owns Bitcoin, organized by stage of the engagement.

START HERE: ADD THESE TO CLIENT INTAKE

1. Do you own Bitcoin or other digital assets, including ETFs?
2. Where is it held: an exchange, a custodian, a brokerage account, or a device?
3. Who besides you can access it?
4. Is access information written down, and where is it kept?

PART 1

Custody and Control

01 What changes once counsel knows a client holds Bitcoin?

Three things. Find out exactly how it is held, because that decides what the documents need to say. Add express digital asset authority to the trust, will, and power of attorney. And confirm a written access plan exists outside the will. Without that plan, even well-drafted documents can fail to deliver the asset.

02 How can an attorney tell how a client's Bitcoin is held?

Ask where the client logs in and what they would do to sell. A brokerage account means an ETF. An exchange or custodian website means custodial. A device, a seed phrase, or a wallet app such as Sparrow or Nunchuk means self-custody. A need for more than one key or device to send means multisignature.

03 What happens to a client's Bitcoin if a custodian fails?

It depends on the custody agreement. In the 2023 Celsius bankruptcy, the court held that assets in customers' interest-earning accounts belonged to the bankruptcy estate, leaving those customers as unsecured creditors. Assets in true segregated custody, where the agreement confirms client ownership and bars lending, stand on much firmer ground. Review agreements for segregation and no-rehypothecation language, and favor qualified custodians such as chartered trust companies.

04 How does a multisignature setup prevent key holders from acting without authority?

The structure is the control. In a 2-of-3 arrangement, no single person can move funds. Key holders should be chosen so that no two share the same interest, for example a family member, a professional fiduciary, and a collaborative custody firm. The trust or a written agreement should define when each key holder may sign.

05 What does a durable power of attorney need so an agent can act on Bitcoin?

Express authority over digital assets and private keys: power to access, hold, transfer, and manage keys and accounts, to engage custodians and technical help, and to receive the content of electronic communications under the Revised Uniform Fiduciary Access to Digital Assets Act (RUFADAA). Many standard forms are silent, and custodians may refuse an agent without clear authority. Incapacity is

overlooked more often than death.

PART 2

Drafting and Trustees

06 If a trust holds Bitcoin and the price falls sharply, what protects the trustee?

Clear language. Under the prudent investor rule, trust terms can modify the duty to diversify. A document that expressly authorizes holding Bitcoin, waives diversification for it, and defines the standard of care puts the trustee on far stronger footing. Exculpation for losses from volatility, lost keys, and custodian failure, within what state law permits, adds further protection.

07 Do existing trusts need to be amended, or can they handle Bitcoin as written?

Most older trusts say nothing about digital assets, so the trustee defaults to general rules, including the duty to diversify. Revocable trusts can simply be amended. Irrevocable trusts may call for decanting, a nonjudicial settlement agreement, or action by a trust protector, depending on the instrument and state law. The larger the position, the more urgent the fix.

08 Which trustees will actually hold Bitcoin?

A growing number of chartered trust companies, concentrated in South Dakota, Wyoming, Nevada, and New Hampshire, will serve as trustee and hold Bitcoin through qualified custody. Many large bank trust departments still decline. Key questions: where the Bitcoin will sit, whether it is segregated, what it costs, and whether the trustee will hold long term or expects to sell.

09 Does a trust holding Bitcoin need to be sitused in a directed trust state?

It depends on the client's home state. Many states now recognize directed trusts, through the Uniform Directed Trust Act or their own statutes, but the protection given to the directed trustee varies widely. South Dakota, Delaware, Nevada, and Wyoming are the best-known directed trust jurisdictions, and Wyoming adds a full

digital asset statutory framework. Whether home-state law is sufficient, or the trust should be sitused elsewhere, is a state-specific call for counsel.

10 Where should access information be kept, and should the law firm hold it?

Never in the will, which becomes a public record in probate. The will or trust should reference a separate digital asset memorandum that explains what exists and how recovery works, without containing a complete seed phrase. A firm can safely hold that memorandum. Holding anything that can move funds on its own creates security and liability exposure, so keys should stay split among designated key holders.

PART 3

Estate Administration

11 What should a personal representative do with a hardware device but no seed phrase?

Leave it alone. Most devices erase themselves after a few wrong PIN attempts. Keep searching for the seed phrase, often written on paper or stamped on a metal plate stored elsewhere. If the PIN is known, the device may work as is. If not, bring in a reputable specialist first, and treat anyone who asks for the seed phrase as a likely scammer.

12 How are holdings found when the decedent left no paper trail?

Start with bank and card statements showing transfers to exchanges, prior tax returns (Form 1040 asks about digital assets on page one), Form 1099-DA filings, email confirmations, and safe deposit boxes. The blockchain is public, so any known wallet address reveals its balance and history. Finding coins does not make them spendable, which is why the access plan matters during life.

13 What does securing the asset look like for a non-technical personal representative?

The personal representative should not do it alone. Engage a qualified custodian or

specialist, move the coins to new keys or an institutional account the estate controls, and document every step. Moves between wallets the estate controls are not sales and do not create a tax event. The goal is to ensure no one who saw the old seed phrase can still move the coins.

14 What are the options if an heir has already moved the coins?

The blockchain shows exactly where they went. Coins sent to an exchange can be pursued there through legal process. Coins in the heir's own wallet leave the estate with ordinary claims, such as conversion or breach of fiduciary duty. Recovery ultimately depends on the heir's cooperation or a court order, so prevention is far easier than cure.

PART 4

Valuation, Basis, and Tax

15 Which price source will hold up on the estate tax return?

The IRS does not designate one. What holds up is a reputable, high-volume exchange or a recognized price index, applied consistently, with the date, time, and source documented. Because Bitcoin trades around the clock, the timestamp matters. For large positions, a qualified appraisal adds support. The alternate valuation date six months after death is available only if it reduces both the gross estate and the tax.

16 Does Bitcoin in an irrevocable trust receive a basis step-up at death?

Only if the trust assets are included in the decedent's gross estate. In Revenue Ruling 2023-2, the IRS confirmed that assets in an irrevocable grantor trust excluded from the estate do not step up. Revocable trust assets do. For highly appreciated Bitcoin in a grantor trust, a swap power can allow the grantor to reacquire it before death in exchange for high-basis assets.

17 How should basis be documented when the client kept no purchase records?

For Bitcoin included in the estate, the original cost largely stops mattering, because

basis generally steps up to date-of-death value. The estate needs a solid record of that value, provided to every beneficiary. Brokers report basis on Form 1099-DA only for coins bought in the same account in 2026 or later, and self-custody generates no form at all, so heirs selling years later will rely on that record.

18 For a client under the federal exemption, what is the planning issue?

State estate tax, which varies by state. The federal exemption is $15 million per person in 2026, but roughly a dozen states and the District of Columbia impose their own estate tax at far lower thresholds, and a few impose inheritance tax. New York, for example, exempts $7.35 million in 2026, and its cliff rule taxes the entire estate once it exceeds that amount by more than 5%. Tax is typically due within months of death, so a price decline in that window can force a sale at the wrong time.

19 Can an estate borrow against Bitcoin to pay the tax instead of selling?

Yes. Bitcoin-backed lenders exist, and borrowing can avoid selling into a downturn. The risks are margin calls, forced liquidation if the price falls, and lenders re-lending pledged collateral. The fiduciary needs express authority to borrow and pledge. Interest on a properly structured estate loan may be deductible as an administration expense, a question for the CPA and counsel.

PART 5

The Planning Team

20 How can an attorney bring in a Bitcoin specialist without taking on added liability?

Keep roles separate and in writing. The client engages the specialist directly, the engagement defines the specialist's scope, and the attorney never holds keys or directs transactions. Counsel relies on the specialist for how the custody works and retains responsibility for the legal work, the same model already used with CPAs and appraisers. One person should be named to coordinate the team.

21 How should the plan be tested each year without putting the coins at risk?

Confirm that every key holder can still locate their key and that devices power on with current software. Check balances with a watch-only wallet, which displays funds but cannot move them. With multisignature setups, key holders can sign a test transaction without sending it, or send a small amount. A seed phrase never goes into a website or online form.



ABOUT THE AUTHOR

Eric Runge is Founder & CEO of Veritas Bitcoin Strategies, a Registered Investment Adviser specializing in Bitcoin allocation and risk management for family offices and high-net-worth investors. He brings 21 years of financial advisory experience, has written three books on Bitcoin, and is developing CLE programming with Lawline. He works alongside estate attorneys, CPAs, and trustees as the Bitcoin resource on the planning team.

Schedule a 15-minute call: calendly.com/veritas-007/strategic-capital-allocation-call-15-mins
503-607-7454 · eric@veritaswealth.net · 83 SW K St, Madras, OR 97741

For educational purposes only. Not legal, tax, or investment advice. Eric Runge is not an attorney or CPA; consult qualified counsel and tax professionals regarding any specific situation. Figures reflect law as of October 2026.

Veritas Bitcoin Strategies is a Registered Investment Adviser in the state of Oregon.