

Bitcoin Guide

Bitcoin is the original cryptocurrency — a decentralized digital asset designed as a scarce, borderless form of money. Understand its core mechanics, role in a modern portfolio, risks, and why it continues to attract individuals, institutions, and even governments in 2026.

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57%

Bitcoin's market dominance
in 2026

~19.7M

Bitcoins mined (out of 21 million
cap)

30%

Of U.S. adults own cryptocurrency
(Bitcoin leads)

4th

Halving completed in 2024 — next
in 2028

Why Bitcoin matters in modern financial planning

Bitcoin is often called "digital gold" due to its fixed supply cap of 21 million coins and decentralized nature. Unlike traditional money controlled by central banks, Bitcoin operates on a global peer-to-peer network secured by cryptography and proof-of-work. It offers scarcity in an era of unlimited fiat printing, potential inflation protection, and a new asset class for diversification. However, it is highly volatile and not suitable for everyone. This guide helps you understand the fundamentals so you can evaluate its role — if any — in your long-term plan.

SECTION 1

What is Bitcoin?

Bitcoin (BTC) is the world's first decentralized digital currency, created in 2009 by the pseudonymous Satoshi Nakamoto. It enables peer-to-peer value transfer without banks or governments as intermediaries.

CORE FEATURE

Fixed Supply

Bitcoin has a hard-coded maximum supply of 21 million coins. Approximately 19.7 million have been mined as of 2026. New bitcoins are released on a predictable schedule via halvings every ~4 years. This built-in scarcity contrasts sharply with fiat currencies that can be printed indefinitely.

21 million cap

Disinflationary

No central issuer

TECHNOLOGY

Blockchain & Proof-of-Work

All Bitcoin transactions are recorded on a public, immutable ledger called the blockchain. Miners compete to solve complex mathematical puzzles (proof-of-work) to validate transactions and add new blocks roughly every 10 minutes. This secures the network and makes past records extremely difficult to alter.

Decentralized ledger

~10-minute blocks

Energy-intensive security

USE CASES

Store of Value or Medium of Exchange?

Bitcoin is primarily viewed today as a store of value ("digital gold") due to its scarcity and portability. Some use it for payments or remittances. Institutional adoption via ETFs, corporate treasuries, and sovereign holdings has grown significantly by 2026.

Hedge vs. inflation

Portfolio diversifier

Global settlement asset

SECTION 2

Bitcoin vs. The Traditional Monetary System

Bitcoin was created as the deliberate opposite of today's central-bank-controlled money. It represents free-market capitalism applied to money itself.

TRADITIONAL FIAT SYSTEM

Centralized & Discretionary

Controlled by central banks and governments. Money supply can be expanded indefinitely through quantitative easing and deficit spending. Monetary policy is decided by a small group of officials and can change based on political pressure or short-term economic goals. Inflation is often used as a policy tool.

Unlimited supply potential

Human discretion rules

Inflation by design

Opaque decision making

BITCOIN

Decentralized & Rules-Based

No central authority exists. The total supply is permanently capped at 21 million coins, enforced by unbreakable code and global consensus. Monetary policy is fixed, predictable, and transparent — governed by mathematics rather than politicians or bankers. Pure free-market money.

Hard 21 million cap

Code is the law

Predictable issuance

Fully transparent ledger

The fundamental difference: Traditional money relies on trust in institutions and their willingness to exercise restraint. Bitcoin removes that trust entirely and replaces it with verifiable scarcity, immutable rules, and decentralized consensus — a return to sound money principles in the digital age.

SECTION 3

How Bitcoin works

Understanding the core mechanics helps separate hype from reality.

Wallets & Keys

You control your own money

Bitcoin is stored in digital wallets. You control funds with a private key (a secret code). The public key (address) is what others use to send you Bitcoin. "Not your keys, not your coins" — self-custody is emphasized for true ownership, though many use exchanges or custodians for convenience.

Halvings & Supply Schedule

Built-in scarcity events

Every 210,000 blocks (~4 years), the mining reward halves. The 2024 halving reduced it to 3.125 BTC per block. This slows new supply issuance, historically correlating with price cycles. The next halving is expected in 2028.

Volatility & Cycles

High risk, high reward

Bitcoin experiences significant price swings driven by adoption, macro events, regulation, and sentiment. Many observe 4-year cycles tied to halvings, though maturing institutional involvement (ETFs, corporate treasuries) may moderate future volatility.

Adoption in 2026

From niche to institutional

Bitcoin ETFs, public companies, and some governments hold meaningful amounts. U.S. spot Bitcoin ETFs have seen substantial inflows. Adoption continues to grow, but regulatory clarity, energy concerns, and scalability remain ongoing topics.

SECTION 4

Pros, cons & risks

Bitcoin is a high-risk, speculative asset. It should only represent a small portion of a well-diversified portfolio for those who understand and can tolerate the volatility.

✓ Potential Benefits

Scarcity (21M cap), decentralization (no single point of failure), portability, divisibility (down to 8 decimal places), censorship resistance, and growing institutional acceptance as a potential inflation hedge or "digital gold."

⚠ Key Risks

Extreme price volatility, regulatory uncertainty, security risks (hacks, lost keys), environmental concerns around mining energy use, competition from other assets, and the possibility of technological obsolescence or permanent loss of funds.

✗ Not for Everyone

Bitcoin does not generate cash flow, dividends, or yield. It can lose substantial value quickly. Never invest more than you can afford to lose. Self-custody requires responsibility and ongoing education.

SECTION 5

Scenario guide

Recommended Bitcoin approaches for six common situations and goals.

LONG-TERM INFLATION HEDGE IN A DIVERSIFIED PORTFOLIO

Small strategic allocation (1–3%)

For clients seeking potential long-term inflation protection and diversification, a modest Bitcoin allocation via spot ETFs or direct holdings can serve as a non-correlated asset in a traditional portfolio.

Key considerations: Dollar-cost average to manage volatility. Focus on secure custody. Rebalance periodically. View as a long-term (5–10+ year) holding rather than a short-term trade.

HIGH RISK TOLERANCE — SPECULATIVE GROWTH ALLOCATION

Higher conviction allocation (3–5%+)

Suitable only for clients with high risk tolerance and long time horizons. Bitcoin's asymmetric upside potential appeals to those comfortable with significant drawdowns in pursuit of outsized returns.

Key considerations: Understand the technology and risks deeply. Self-custody education is critical. Monitor macro factors like interest rates, regulation, and institutional flows.

CONCERNED ABOUT FIAT DEBASEMENT AND CENTRAL BANK POLICY

Inflation / fiat hedge focus

In environments of high government debt or currency concerns, some view Bitcoin's fixed supply as a hedge similar to gold — but with greater portability and divisibility.

Key considerations: Bitcoin is not a perfect hedge and can move with risk assets during liquidity crises. Combine with other real assets for broader protection.

ALREADY HAVE TRADITIONAL ASSETS — WANT LOW CORRELATION

Diversification tool

Bitcoin has shown periods of low correlation to stocks and bonds, potentially improving portfolio risk-adjusted returns when added in small amounts.

Key considerations: Correlations can change. Bitcoin remains a high-volatility asset. Limit exposure to maintain overall portfolio stability.

INTERESTED IN SELF-CUSTODY AND SOVEREIGNTY OVER MONEY

Self-custody & sovereignty

For those prioritizing personal financial sovereignty, self-custody of Bitcoin allows direct control without intermediaries — aligning with Bitcoin's original ethos.

Key considerations: Learn secure practices (hardware wallets, seed phrase backup, multisig). This requires ongoing education and responsibility. "Not your keys, not your coins."

BUSINESS OR ESTATE PLANNING WITH INTERNATIONAL EXPOSURE

Business / estate planning

Some businesses and high-net-worth individuals hold Bitcoin as part of treasury strategy or for international estate planning due to its borderless nature.

Key considerations: Work with tax and legal professionals. Custody, inheritance planning, and regulatory compliance are critical. Digital asset inheritance requires documented, executable transfer instructions.

SECTION 6

Things to know before allocating

⊕ Portfolio Allocation

Many advisors suggest 1-5% for clients with high risk tolerance. Bitcoin has shown low correlation to traditional stocks and bonds in some periods, offering diversification potential — but past performance is no guarantee of future results.

⊕ Custody Matters

"Not your keys, not your coins." Self-custody (hardware wallets) gives full control but carries personal responsibility. Custodial solutions (ETFs, trusted exchanges) are easier but introduce counterparty risk.

⚠ Volatility & Timing

Bitcoin experiences large drawdowns. Dollar-cost averaging (regular small purchases over time) can reduce timing risk compared to lump-sum investing at any single price point.

× Regulatory & Tax

Bitcoin is typically treated as property for tax purposes — each sale or exchange is a taxable event. Regulations continue to evolve globally. Consult a qualified tax professional before allocating.

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