

BITCOIN & DIGITAL ASSET ESTATE PLANNING

HEIR LETTER TEMPLATE

*A plain-English letter to your loved ones
explaining what you own and how to access it*

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IMPORTANT DISCLAIMERS

This document is provided for informational and educational purposes only and does not constitute legal advice.

No attorney-client relationship is created by your use of this document.

Consult a licensed attorney in your jurisdiction for advice specific to your situation.

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HOW TO USE THIS TEMPLATE

Every field in **[BLUE BRACKETS]** must be replaced with your specific information before giving this letter to your heirs. Delete the brackets when you fill in your answers.

Review the entire template before you begin filling it in. Some sections may not apply to you (e.g., if you do not use a passphrase or do not hold assets on exchanges, delete those sections).

⚠ SECURITY WARNING — READ BEFORE COMPLETING

Once completed, this letter contains everything someone would need to locate and access your Bitcoin. It is a complete roadmap to your holdings, your key locations, and your security arrangements. This is by design — your heirs need this information. But you need to understand the risk you are accepting.

If this letter falls into the wrong hands, someone could use the information to locate and steal your funds. There is no insurance, no fraud protection, and no reversal. The theft would be permanent and total.

Once completed: Do not email this letter. Do not store it in cloud storage. Do not photograph it. Store the completed version in a sealed envelope in a fireproof safe, a safe deposit box, or with your estate planning attorney — and nowhere else. If you would not leave your seed phrase sitting on your kitchen counter, do not leave this letter there either.

Keep it updated: Review and update this letter at least once per year, or any time you add a new wallet, change your custody arrangement, or acquire significant new holdings.

[DATE]

Dear [NAME(S) OF HEIR(S) — e.g., Sarah, or Sarah and Michael, or My Family],

If you are reading this letter, I have either died or become incapacitated. I am sorry that you are dealing with this, and I am sorry to add one more thing to your list. But this letter is important, and I need you to read it carefully before you do anything else with what I am about to describe.

— STOP — IF I AM ALIVE BUT INCAPACITATED

Do NOT transfer, sell, or move any Bitcoin. Secure the physical devices and seed phrase backups as described below, then contact my estate planning attorney and my designated technical advisor. If I recover, I will need everything left exactly as it was. The instructions in this letter for transferring assets are intended for use only after my death has been confirmed by a death certificate.

I own Bitcoin — a form of digital money — and this letter explains what that means, where it is, and how you can access it. I wrote this while I was alive specifically so that you would not have to figure it out on your own.

What Is Bitcoin?

Bitcoin is digital money that exists on a global computer network called a blockchain. Unlike a bank account, Bitcoin is not held by any company or institution. Instead, it is controlled by a set of secret codes called “private keys.” Whoever has the private keys controls the Bitcoin. There is no bank to call, no customer service number, and no way to reset a password. If the private keys are lost, the Bitcoin is gone permanently. That is why this letter exists.

The good news is that Bitcoin is designed to be transferred, and with the right information — which I have provided below — you will be able to access, verify, and eventually transfer everything I own to yourself or to the beneficiaries named in my will or trust. You do not need to understand how Bitcoin works technically. You just need to follow the steps in this letter and work with the people I have identified to help you.

What I Own

As of [DATE OF LAST UPDATE], I own the following digital assets:

Asset / Wallet	Type	Approximate Value
[e.g., Coldcard hardware wallet]	[Self-custody / hardware wallet]	[\$ value or BTC amount]
[e.g., Coinbase account]	[Exchange / custodial]	[\$ value]
[e.g., Sparrow multisig wallet]	[Self-custody / multisig]	[\$ value or BTC amount]
[Add rows as needed]		
[Add rows as needed]		
[Add rows as needed]		

Asset / Wallet	Type	Approximate Value
[Add rows as needed]		
[Add rows as needed]		

Total estimated value of all digital assets: [\$ TOTAL VALUE]

For a complete and detailed inventory, see my **Custody Audit Checklist**, which is stored [LOCATION — e.g., in the same envelope as this letter / in my safe deposit box at First National Bank / with my attorney].

Where to Find My Hardware Wallet(s) and Seed Phrases

Hardware Wallet(s)

A hardware wallet is a small physical device (similar in size to a USB drive or small calculator) that stores the private keys needed to access Bitcoin. Mine is a [MAKE AND MODEL — e.g., Coldcard Mk4, Ledger Nano X, Trezor Model T], and it is located [PHYSICAL LOCATION — e.g., in the fireproof safe in my home office, combination is in my Digital Asset Memorandum].

The location of the PIN to unlock this device is [PIN LOCATION — e.g., written on a card inside the safe / documented in my Digital Asset Memorandum / known by my attorney John Smith]. Do not guess the PIN. Hardware wallets respond differently to incorrect PINs — some (e.g., Ledger) erase after a few wrong attempts, others (e.g., Trezor) impose escalating delays, and some (e.g., Coldcard) have an opt-in self-destruct. Do not attempt entry; consult the device manual or my technical advisor. Even if a device erases itself, the Bitcoin is not lost — it can be restored from the seed phrase backup.

Seed Phrase Backup(s)

A seed phrase is a list of 12 or 24 English words that serves as the master backup for a Bitcoin wallet. If the hardware wallet is lost, damaged, or erased, the seed phrase is the only way to recover the funds. It is the single most important piece of information in this entire letter.

My seed phrase backup is stored [LOCATION AND MEDIUM — e.g., stamped on a metal plate inside a tamper-evident bag in my safe deposit box at Chase Bank, Branch #4421, 123 Main St, Anytown CA / written on paper in a sealed envelope in the bottom drawer of the filing cabinet in my home office].

[IF APPLICABLE:] I also use a passphrase (sometimes called a “25th word”) in addition to my seed phrase. Both are required to access my Bitcoin. The passphrase is stored separately from the seed phrase at [PASSPHRASE LOCATION]. Without the passphrase, the seed phrase alone opens a different wallet — usually empty or holding only a small balance. This is normal: my real holdings appear only when the correct passphrase is entered together with the seed phrase.

Exchange Accounts

[IF APPLICABLE:] I also hold digital assets on the following exchange(s):

- [EXCHANGE NAME — e.g., Coinbase] — Account registered under [EMAIL ADDRESS]. Two-factor authentication is via [2FA METHOD — e.g., Google Authenticator on my phone / YubiKey in my safe].
- [ADDITIONAL EXCHANGE — add or delete rows as needed]

To access exchange accounts after my death, you will need to contact the exchange's support team, provide a death certificate, and follow their estate/inheritance process. Each exchange has its own procedure. Do not attempt to log in using my credentials — this may trigger a security lock on the account.

Step-by-Step: What to Do

Follow these steps in order. Do not skip ahead.

1. **Do not move anything for at least 48 hours.** The Bitcoin is not going anywhere. There is no urgency. Rushing increases the risk of making an irreversible mistake. Secure the physical devices and seed phrases, and stop.
2. **Contact my designated technical advisor:** [NAME, PHONE, EMAIL — e.g., John Smith, (555) 123-4567, john@example.com]. This is a person I trust who understands Bitcoin and can help you verify holdings and execute transfers when the time comes.
3. **Contact my estate planning attorney:** [NAME, PHONE, EMAIL]. They have a copy of my Digital Asset Memorandum and can guide the legal process for transferring digital assets.
4. **Verify holdings before moving anything.** Using a block explorer (a free website like mempool.space or blockstream.info), you can look up the balance of my wallets without touching the private keys. My designated technical advisor can help with this.
5. **When you are ready to transfer, work with my attorney and technical advisor together.** Do not attempt to transfer Bitcoin on your own unless you are confident in what you are doing. A single wrong address means lost funds with no recourse.
6. **Refer to the Executor Technical Guide** included in my estate planning documents. It provides detailed, step-by-step instructions written for people who are not familiar with Bitcoin.

What NOT to Do

⚠ CRITICAL — READ THIS BEFORE DOING ANYTHING ELSE

The following mistakes are irreversible. Once Bitcoin is sent to a wrong address or a scammer, there is no bank, no insurance company, and no government agency that can get it back.

- **NEVER share the seed phrase with anyone by email, text message, phone, or any digital channel.** Not with a friend, not with a "Bitcoin recovery expert," not with someone who says they are from a wallet company. No legitimate person or company will ever ask for your seed phrase.

- **NEVER type the seed phrase into a website, app, or computer** unless you are performing a recovery on a brand-new hardware wallet that you purchased directly from the manufacturer and verified is genuine. Even then, work with my technical advisor.
- **NEVER trust unsolicited offers of help.** After a death, scammers may pose as “cryptocurrency recovery specialists” or claim to be from an exchange. Anyone who contacts you first is almost certainly a scammer. You contact them, not the other way around.
- **NEVER rush.** Bitcoin on the blockchain does not expire, degrade, or disappear. It will wait. There is no deadline. Take the time to do this correctly.
- **NEVER post about your inheritance on social media.** Do not announce that you have inherited Bitcoin. This makes you a target.

Tax Implications

Inherited Bitcoin generally receives a “stepped-up basis” under IRC § 1014, meaning your cost basis is the fair market value on the date of my death — not what I originally paid for it. This is significant because it may dramatically reduce or eliminate capital gains taxes if you sell. One exception: any Bitcoin I held inside a traditional IRA or other retirement account does NOT receive this step-up — those distributions are taxed as ordinary income. If I held Bitcoin that way, be sure to ask the tax professional about it.

Key tax points:

- Determine the fair market value of all Bitcoin holdings as of the date of death. Use a reputable pricing source (e.g., CoinGecko, CoinMarketCap, or an exchange’s historical price data).
- If you sell inherited Bitcoin, your capital gain or loss is calculated from the stepped-up basis, not from my original purchase price.
- Report any sale on IRS Form 8949 and Schedule D of your tax return.
- California does not impose a separate state inheritance or estate tax, but capital gains on a subsequent sale are subject to California income tax.
- Consult a tax professional before selling. The Tax Summary for Heirs document included in this kit provides more detail.

People Who Can Help

Role	Name	Contact
Estate Planning Attorney	[NAME]	[PHONE / EMAIL]
Technical Advisor (Bitcoin)	[NAME]	[PHONE / EMAIL]
CPA / Tax Professional	[NAME]	[PHONE / EMAIL]
Digital Executor (if different from above)	[NAME]	[PHONE / EMAIL]
[Other trusted contact]	[NAME]	[PHONE / EMAIL]
[Other trusted contact]	[NAME]	[PHONE / EMAIL]

Final Words

[THIS SECTION IS PERSONAL. Write whatever you want your heirs to read. Some people leave a brief note; others leave nothing beyond the practical instructions above. Delete this section entirely if you prefer. The template below is only a suggestion.]

I spent a lot of time thinking about how to protect these assets for you. I chose Bitcoin because I believe it is the most sound form of money ever created, and I wanted you to benefit from that belief. I tried to make this letter as clear as I could so that you would not be left guessing. If anything is unclear, lean on the people listed above. That is why I chose them.

[YOUR PERSONAL MESSAGE TO YOUR HEIRS]

With love,

[YOUR FULL LEGAL NAME]

[DATE SIGNED]

Need Help Completing This Letter?

Asaf Fulks Law offers one-on-one consultations to help you complete your Bitcoin inheritance plan and ensure nothing is overlooked.

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