The 6 Mistaken Beliefs That Are Keeping You From Buying & Recommending Bitcoin

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QUICK SUMMARY

Bitcoin has been the best-performing asset class over the past 15 years – an asset with a market cap that has risen from zero to $2 trillion in less than 15 years. Many predict its price will rise 10-fold or more over the next decade. And yet, few U.S. investors or financial advisors own or recommend it.

What's preventing you from engaging with bitcoin?

Here are the six mistaken beliefs that are stopping many from buying or recommending bitcoin. How many of these mistaken beliefs do you have?

Read on to see why none of these beliefs should be preventing you from buying bitcoin.

MISTAKEN BELIEF #1
I don't want to admit that I was wrong.

If you've never bought bitcoin, or you sold years ago at far lower prices than today's price, you may be under the mistaken belief that buying bitcoin today forces you to admit that you were wrong in not buying – or in buying but not holding.

It can be painful to contemplate the if-onlys of having bought bitcoin at $400 in 2014, $3,000 in 2018, $20,000 in 2020 or $70,000 this past October. You had the opportunity to invest at all those prices, but you didn't. So, investing today with bitcoin near $100,000 is an implicit admission that *you were wrong.*

And if there's one thing people hate to do, it's admit that they made a mistake. But that's what mature, professional adults do: they simply acknowledge that *That was then. This is now.*

Rick Wurster has demonstrated how easy this is to do. The new Schwab CEO recently said on CBNC, "I feel rather silly that I didn't buy bitcoin before." So, he's now working to make sure the asset is easily and widely available to everyone at Schwab – advisors and investors alike.

Wurster isn't alone. In 2017, BlackRock CEO Larry Fink called bitcoin "an index of money laundering." But in 2024, Fink acknowledged that his concern is no longer valid, and he had his firm launch what is now the nation's largest spot bitcoin ETF; in less than a year, it amassed $60 billion in assets. BlackRock also now offers a variety of on-chain funds and is rapidly expanding its crypto offerings.

A third example? JPMorgan CEO Jamie Dimon has called bitcoin a "fraud" and a "Ponzi scheme" – but JPMorgan's own private blockchain, Kinexys Digital Payments, now processes $2 billion in cross-border payments every day.

A final example: In 2013, MicroStrategy founder Michael Saylor tweeted, "Bitcoin's days are numbered." But after watching governments around the world devalue their currencies during the 2020 pandemic, he changed his mind about bitcoin – and began buying. Today, his company, MicroStrategy, is the world's largest corporate owner of bitcoin.

There are dozens, hundreds, thousands, millions of similar stories: people who initially dismissed or disputed bitcoin and who later, based on further research, new information and additional market data, chose to change their mind. All you need to do is make a similar choice.

Still, you might feel it's difficult to admit to yourself, friends or family – or clients or colleagues – that you were wrong.

Here's the good news: you weren't wrong! In fact, you were right not to buy bitcoin before now.

Sure, it's easy to feel silly about having missed out on what has proven to be the best performing asset class in history. Bitcoin is up 30,000% since 2014 – an average annual return of 76.5% – making it the best-performing asset class in history. We all had the chance to buy when its price was four hundred bucks, or a thousand. It was $15,000 just two years ago. It was $70,000 just two months ago.

The fact that you didn't buy bitcoin a decade, a year, or a couple of months ago isn't because you were wrong. Rather, it's because you were smart. You were prudent. You were careful.

Back in 2014, bitcoin was highly speculative. Nobody knew what was going to happen. Might the government ban it? Might the price fall to zero? Might some technological innovation render it obsolete and therefore worthless? Might fickle investors shift their focus to something else?

In addition to those concerns, you'd heard about Silk Road, the dark web platform where criminals used bitcoin to buy drugs, guns and other illicit materials. You'd read about the Mt. Gox hack, which caused the loss of 70% of all the bitcoins in the world. And you watched Sam Bankman-Fried perp-walk in handcuffs after stealing $8 billion from customer accounts at his crypto exchange, FTX.

You haven't bought or recommended bitcoin because you haven't wanted to take that kind of risk or expose your clients to such risks.

That prudence explains why you didn't buy or recommend bitcoin even as recently as this past October. A month before the presidential election, no one knew whether Kamala Harris or Donald Trump would win. But everyone did know that the next president would determine how bitcoin would be regarded by the federal government over the next four years. So, staying on the sidelines was a prudent decision.

You avoided buying or recommending bitcoin thanks to your careful approach to money management. Bitcoin simply wasn't an appropriate purchase given your (or your clients') goals, objectives and risk tolerance.

But that was then. Today, the situation is massively different than it used to be. The FBI shut down Silk Road in 2013. When Mt. Gox was hacked in 2014, the cumulative value of all the lost bitcoin was about $400 million. Today, thanks to law enforcement and Mt. Gox's bankruptcy trustees, a lot of the stolen bitcoins have been recovered – and thanks to the price increases over the past decade, those investors are getting not the $400 million they had lost but the $9 billion that their bitcoins are worth today. And FTX's trustees have recovered almost all the $8 billion that SBF stole.

But the most important difference pertaining to bitcoin today is the outcome of the 2024 elections. For the past four years, the Biden administration worked hard to block crypto; through Operation Chokepoint 2.0, SAB 121 and other policies, the administration prohibited banks from doing business with crypto companies, and the SEC waged open war against the crypto community by refusing to issue regulations clarifying permissible conduct while suing crypto companies for violating rules the industry didn't know they were violating – resulting in dozens of court cases and hundreds of millions of dollars in legal fees. The SEC lost almost every court case, but that was small consolation to the companies that were hounded out of business.

This is now. President-elect Donald Trump, who in 2021 called bitcoin "a scam" (yes, he's another example of someone who's changed his mind), has now pledged to make the United States "the crypto capital of the planet." The two people credited with turning him into a major crypto proponent are his close confidants, Elon Musk and Vivek Ramaswamy. Trump is filling his administration with strong crypto supporters, including the incoming secretaries of Treasury, Commerce and Labor, SEC chair, AI and Crypto Czar, Council of Economic Advisors chair, and SBA Commissioner.

You were right not to invest in or recommend bitcoin earlier. Now, it's time for you to be right once again - and start buying.

Additionally, in the new 119th Congress, majorities from both parties support crypto; the new chairs of the House Financial Services Committee and Senate Banking Committee, as well as the chairs of the House and Senate digital assets subcommittees, are all strong crypto advocates.

Thus, the election removed the obstacles that were foisted on the crypto community by the Biden administration and former Democrat leadership in the House, allowing clarifying and supportive legislation and regulation to emerge for the first time in crypto's history.

And the financial sector is already waking up to this fact. Barclays and Citigroup led multiple convertible bond offerings last year for MicroStrategy; Goldman Sachs raised money for Applied Digital, a data center for bitcoin miners; JPMorgan marketed bonds for bitcoin infrastructure and mining groups Core Scientific, Mara and Iren. All told, more than $30 billion in transactions for crypto companies were completed in 2024, conservatively generating more than $200 million in banking fees for Wall Street. The coming elimination of Operation Chokepoint 2.0 and repeal of SAB 121 will allow banks to custody bitcoin and permit customers to trade crypto. The new year will bring activities that dwarf what's occurred to date.

All this means that bitcoin has been significantly de-risked. We no longer have to wonder whether the government might ban it or whether bitcoin might fall to zero. Although the price can certainly fall 50% or more as it's done many times, there are now too many retail, institutional and governmental owners who regard major price declines as buying opportunities, not a reason for divestiture. In other words, the lower bitcoin's price goes, the more buyers there are.

Thus, the cause of your prior prudence can now make way for today's acceptance. We can now buy bitcoin with a higher degree of confidence than ever, because spot bitcoin ETFs have been available for a year, sponsored by the largest asset management firms in the world (including BlackRock, Fidelity, Invesco, FranklinTempleton, Wisdom Tree and VanEck). These ETFs already hold more than $100 billion in assets – making this the fastest growing ETF category in history. And because these are securities regulated by the SEC, state securities regulators and FINRA, we finally have an avenue that protects us from the Wild West environment that once made bitcoin a risky gamble. Today, the only gamble pertains to investment performance – same as with stocks, bonds, real estate, oil, gold, commodities and foreign investments.

You were right not to invest in or recommend bitcoin earlier. Now, it's time for you to be right once again. It's time for you to invest in and recommend bitcoin.

MISTAKEN BELIEF #2
It's too late.

The second reason people aren't investing in or recommending bitcoin is because they fear that it's too late.

It's easy to say that. *I missed it. I wish I hadn't, but I did. And now it's too late.*

Here's the good news: It's not too late.

Sure, bitcoin ~$100,000 sure looks high. But that's only if you look backward. Frankly, you could say this about every asset class. The stock market is at an all-time high, too. So is residential real estate. And gold. But is anyone saying it's too late to invest in those asset classes?

We can all lament that we didn't buy real estate in 1960, gold in 1980, or shares of Amazon in 1999. But experienced investors and advisors know that just because an asset class is trading at an all-time high doesn't mean it's too late to buy it. The S&P 500 hit 57 all-time highs in 2024 alone – meaning the people who refrained from investing last year because it was "too late" to buy stocks were wrong 56 times.

More often than not, high prices lead to higher prices, not lower ones. That's why "higher-than-ever" doesn't mean it's too late. There is often plenty of room for further growth – and this is precisely where we are with bitcoin right now.

Of the eight billion people in the world, only half a billion own bitcoin so far. Thus, the adoption rate has a very long way to go. And although MicroStrategy owns 446,400 bitcoins as of December 31, 2024, not a single Fortune 500 company has materially added bitcoin to their reserves. And few endowments or pension funds have yet invested in bitcoin.

But they're all looking at it – and this is a key leading indicator.

Remember that institutional investors move slowly. Their Investment Committees meet only occasionally, and they can't vote to invest in bitcoin until after they complete their due diligence, a process that often takes months. Only after that exercise can the committee vote to add bitcoin to their portfolio – and that vote serves as a recommendation to the board, a body that meets only four times a year. Therefore, don't expect many institutional investors to buy bitcoin anytime soon. The fast adopters won't act before Q3 or Q4 2025, and the majority won't act until 2026.

And one question will haunt everyone undertaking this work. For sure, it's the one bitcoin question that all asset managers will be forced to answer.

Having been in the financial services industry for 39 years, I can tell you that most people fail to understand the primary goal of professional money managers. I'm talking about everyone from individual financial advisors serving retail investors to CFAs managing ETFs to professional consultants hired by the nation's largest pension plans. What is their primary goal?

The primary goal of everyone in the business of managing Other People's Money is quite simple: *Don't get fired.*

If you think it's to produce high returns, you don't understand how Wall Street works. In fact, the primary goal of everyone in the business of managing OPM – Other People's Money – is quite simple: *Don't get fired.*

Asset management is a lucrative career, and people want to keep their jobs. The best way to do that is to generate returns that are similar to those of your competitors. You don't have to post the best returns; just make sure yours aren't among the worst. And the easiest way to make sure your returns are similar to those of your competitors is to own what they own. Bitcoin rose 156% in 2023 and another 119% in 2024. A 60/40 portfolio significantly underperformed one that had a small bitcoin allocation – to the point that portfolio managers have started to get called into meetings with their bosses and boards to answer one question – the question that all asset managers will be forced to answer:

Explain why you haven't added bitcoin to our portfolio.

As bitcoin's price continues to outperform, financial advisors and money managers will find it increasingly difficult to explain why they failed to add a small, single-digit allocation to it.

If you're a financial advisor or money manager, why would you want to have to answer that question? You've been able to avoid the question so far, but soon it will be easier to improve your job security by doing what your competitors are doing: own bitcoin. If bitcoin rises, you'll remain competitive. If bitcoin crashes, you'll still be competitive, because your portfolio will perform similarly to everyone else's. Either way, you get to keep your job.

In addition to the $70 trillion managed by institutional investors, another $140 trillion is held by retail investors. And half of that is owned by Baby Boomers. Some 7,000 of them are dying every day, a number that will rise to 11,000 daily by 2037. By 2045, dead Boomers will have passed most of that $70 trillion to succeeding generations. It's called The Great Wealth Transfer.

It's easy to see why bitcoin will continue to reach new all-time-highs.

It's said that the older you are, the less interested you are in bitcoin. So, it's understandable that Warren Buffett has called bitcoin "rat poison squared." But his soundbite will get buried with him, because his children, grandchildren and great-grandchildren likely have very different views of bitcoin.

Indeed, in T. Rowe Price's 2022 survey of teenagers, 51% of teens called crypto "the future of investing." When asked how they'd invest $100, 57% chose bitcoin; only 38% preferred stocks – and that survey was conducted when bitcoin's price was under $20,000; imagine the teens' viewpoints today.

The main reason younger people don't invest a lot of money into bitcoin is that they don't have a lot of money to invest. But over the next 20 years, they're not only going to make more money than ever thanks to career growth, they're also going to inherit $70 trillion. How much of it will they place into bitcoin?

The Virtuous Cycle

Some people who haven't yet invested in bitcoin will realize they'd made a mistake and begin to buy. Others will realize that their reasons for not investing are no longer valid, and they'll begin to invest as well. Still others will start to invest because, for the first time, they'll have money to invest. And a large group will invest simply because so many others are doing so. This is the FOMO crowd – people who have the Fear Of Missing Out. FOMO is already infecting many, thanks to a ~$100k bitcoin price.

And many will be surprised to discover that they own bitcoin without their knowledge. MicroStrategy is now listed in the Nasdaq 100, which means everybody who buys or owns QQQ – the fifth most widely held ETF with $350 billion in assets – automatically owns MSTR, meaning they own bitcoin whether they know it or not. And the more money people place into QQQ, the more that goes to MSTR, and the more bitcoin that Michael Saylor will be able to buy. Just wait for MSTR to be added to the S&P 500 Stock Index – that's next!

Between institutional engagement, the wealth transfer, and the FOMO factor, it's easy to see why bitcoin will continue to reach new all-time-highs. It's becoming a self-perpetuating cycle. This explains why the arguments for not owning bitcoin are falling away while the arguments for owning it are rising.

As institutional investors and heirs add bitcoin to their portfolios, the price will rise. (Bitcoin's fixed supply means increases in demand result in increases in price.) As the price increases, FOMO will increase. And the cycle will repeat.

This is why I predict that bitcoin will reach $500,000 by the end of the decade. The arithmetic is simple: Global assets (the total value of all the stocks, bonds, real estate, gold, cash and collectibles in the world) are worth about $800 trillion. If the owners of those assets place an average of 1% into bitcoin, $8 trillion will flow into bitcoin. There are 19.9 million bitcoins in existence, meaning the price of each would rise by $402,000. Add that to bitcoin's current price, and you get about $500,000 per bitcoin. If you double the allocation to 2%, bitcoin's price will reach $900,000. A 5% allocation would put bitcoin's price in the neighborhood of $2 million.

So, don't fret about having missed the first $100,000. There's plenty of upside left for you and your clients to enjoy.

MISTAKEN BELIEF #3
Bitcoin is too volatile.

Here's an easy question for the financial advisors who are reading this: *What would you say to a client who calls you Monday morning complaining that the stock market fell all last week?*

It's an easy question for advisors to answer because they've all responded to such client concerns many times. And that means every advisor knows what to say.

Stay focused on your goals.
Ignore the daily headlines.
Don't try to engage in short-term market timing.
This is why we diversify.
This is why we rebalance.
This is why we dollar cost average.
This is why we emphasize a long-term perspective.

All these responses should be applied to bitcoin.

It's easy to recoil at bitcoin's extreme volatility. Its price has fallen 70% or more seven times so far, and although its volatility is less than it was in its first decade, it's still far higher than the stock market's gyrations.

If you're an adherent of Modern Portfolio Theory, you know that adding highly volatile assets to a diversified portfolio reduces the overall risk of that portfolio. You also know that periodically rebalancing that portfolio allows you to sell assets while their prices are higher and buy them while their prices are lower – Buy Low! Sell High! – helping you enjoy greater profits at lower risk. Lastly, you know that rebalancing requires that you own volatile investments, because the more volatile they are, the more that rebalancing can improve the outcome.

That's why people who focus on volatility ought to be the greatest advocates of bitcoin, not the strongest objectors. When were the best times to invest in stocks? Right in the midst of the Crash of '87, the Dot-Com Bubble Burst of 2000, the Credit Crisis of 2007 and the Pandemic of 2020 – when rebalancing and dollar cost averaging allowed you to capitalize on each opportunity. And with bitcoin, such opportunities occur almost daily!

This is why smart investors and experienced advisors know that, thanks to diversification, rebalancing, dollar cost averaging and a long-term perspective, volatility is your friend. Without volatility, you couldn't ever rebalance. Dollar cost averaging wouldn't be helpful. Diversification wouldn't offer any benefits, for you'd never have the opportunity to buy low and sell high.

History shows that adding bitcoin to a 60/40 portfolio and rebalancing quarterly improves portfolio performance. A portfolio that holds bitcoin has better Sharpe and Sortino ratios, Max Drawdowns and Standard Deviations than one without bitcoin.

You know you need volatility to make your portfolios better. That's why you own and recommend small cap stocks, emerging market stocks and foreign stocks – because you know that even though their volatility is higher than the S&P 500 Stock Index, adding these asset classes to the portfolio improves the portfolio's diversification, raising returns while lowering risk. And if you believe in that, then you must want in your portfolio the most volatile asset of all: bitcoin.

Two last thoughts on volatility. First, you either believe in MPT or you don't. If you don't, then put all your money in, and limit your recommendations to, T-bills. But if you believe in the efficient frontier, then you believe in diversification, and that means you believe in owning every asset class, not merely the ones you like or those you think will increase in price. And that means you need to own every mainstream, legitimate asset class. And today, that includes bitcoin.

Second, let's remember that when people say they don't like volatility, what they're really saying is that they don't like *downside* volatility. After all, no one ever complains about *upside* volatility. And bitcoin offers both – to the extreme. So, focus on the results: bitcoin is the most successful asset class in history, and is likely to generate the highest gains over the next decade. Why would anyone not want to own it as part of a long-term, diversified portfolio that is periodically rebalanced?

Although the information presented so far above is reassuring, many have expressed a concern about the future integrity of the Bitcoin blockchain's security. Let's discuss that next.

MISTAKEN BELIEF #4

Quantum computers will be able to break into the network, allowing criminals or rogue nations to steal all the money.

The Bitcoin blockchain has never been hacked because it is a decentralized network. Control of the system is spread among tens of thousands of computers worldwide, called nodes. To gain control, a hacker would have to simultaneously hack into more than half of these nodes – something known as a "51% attack." It's been estimated that it would take $6 billion to build a system capable of doing this.

Or would it? In December 2024, Google announced that it created a 105-qubit quantum computer chip that completed a computation in five minutes that would take today's fastest supercomputers 525,600,000,000,000,000,000,000,000,000,000,000 minutes. That's 10 septillion years, or 12 trillion years repeated 12 times.

The announcement caused University of Kent researcher Carlos Perez-Delgado to say, "If I had a large quantum computer right now, I could take over all the bitcoin." The Wall Street Journal called the news "a looming threat to bitcoin," writing that a quantum-computing chip could hack the bitcoin blockchain and "torpedo bitcoin's price" by letting thieves steal bitcoins from digital wallets.

Scary soundbites for sure, but the reality is far more reassuring. Google says breaking Bitcoin's code would take a chip with four million qubits – and its new chip only has 105. Nvidia CEO Jensen Huang says "very useful quantum computers" are 15 to 30 years away. So, development of quantum computers has a long way to go.

And by the time someone does create a 4M-qubit chip that can hack the Bitcoin blockchain, wouldn't someone else create a 4M-qubit chip that can protect the Bitcoin blockchain? Sure – and it's already here: The National Institute of Standards and Technology has already released several quantum-safe algorithms that can defend against attacks by future quantum computers.

In other words, if you're worried that some guy is going to show up with a 10-foot ladder, all you need is a 12-foot wall.

If that comment seems flippant, that's because quantum-computing hand-wringing about bitcoin is just dumb. After all, why would anyone worry that a qubit chip might destroy the Bitcoin blockchain?

Think about it. You have a 4M-qubit chip in your hands, and you can use it to hack into any encrypted digital system you want. Why would you choose the Bitcoin blockchain as your target? Don't say it's because bitcoin is worth $2 trillion. Two problems with that. First, grabbing control of the Bitcoin blockchain means you're now the sole owner of all the world's bitcoin. Who will you sell your 20+ million bitcoins to? Nobody! Because there'd be no buyers! By grabbing all the bitcoins in the world, you've rendered them all worthless. No one would buy any bitcoin from you because they know you'd just steal them all over again.

Maybe you're not stealing the bitcoins to get rich. Perhaps your goal is simply to cause bitcoin's price to fall to zero, causing economic harm to all the bitcoin holders. Nice try, but the harm inflicted would be minimal – because the typical owner's bitcoin holdings are only 2% or 3% of their portfolios. Pretty much everyone will still have 98% of their wealth.

And if your goal is to grab that wealth, why go to the trouble of hacking into tens of thousands of decentralized nodes that are scattered all over the world? Instead, you could hack into just one central database – like the one controlled by JPMorgan Chase. That bank has $2 trillion in deposits (same value as all the bitcoin in the world). And if you steal the $2 trillion that's held at Chase, that $2 trillion will still be worth $2 trillion – because it's only a fraction of the world's $56 trillion of cash assets. In other words, stealing money from Chase actually nets you $2 trillion whereas stealing all the bitcoins renders them all worthless. And after you steal the cash at Chase, you can go steal the cash held at Bank of America (which has another $2 trillion), Wells Fargo ($1.5 trillion) Citibank ($1.3 trillion), and so on. (And we haven't even mentioned foreign banks – the Industrial and Commercial Bank of China has $7 trillion in cash).

But for hackers rich enough to create a 4M-qubit chip, getting rich probably isn't their thing. They'll probably have different targets in mind than blockchains and banks. What would a rich rogue nation do with its newfound code-cracking capability?

They'll take control of our nation's air traffic control system, which regulates the flights of every aircraft in the country. They'll assume command of our country's electrical power grids, shutting off electricity to every home and office in the country. They'll shut down the New York Stock Exchange, wiping out $25 trillion. Or they'll take over the Federal Reserve, or our nation's nuclear weapons. And so on.

In other words, if one day there is a quantum computer that's really able to hack the Bitcoin blockchain, and there's no way to defend against such an attack, your bitcoin is the last thing you'll be worried about.

Don't let fears of quantum computing prevent you from buying bitcoin.

Quantum computer hacks are science fiction, but other kinds of scams are quite real. That leads to the next reason people commonly cite for not wanting to buy bitcoin.

MISTAKEN BELIEF #5

The people promoting bitcoin are just engaging in a massive pump-and-dump scheme. Early investors want others to buy so they can cash out before bitcoin collapses.

Deep inside this claim lies a belief that there is nothing legitimate about this new asset class. They are saying that everyone who endorses, supports or advocates for bitcoin is dishonest. Are you saying that all the people cited in this paper are acting unethically, solely out of self-interest?

Maybe you're not trying to impugn the reputations of some of the most prominent leaders in government, industry and academia. Maybe you're coming to this from another perspective: since the proponents are all investing in bitcoin and you're not, you're saying that you are smarter than all of them.

Dozens of billionaires have endorsed bitcoin: Paolo Ardoino, Brian Armstrong, Mark Cuban, Giancarlo Devasini, Jack Dorsey, Tim Draper, Stanley Druckenmiller, Fred Ehrsam, Stuart Hoegner, Chris Larsen, Joe Lau, Bill Miller, Elon Musk, Jed McCaleb, Mike Novogratz, Chamath Palihapitiya, Matthew Roszak, Ricardo Salinas Pliego, Michael Saylor, Paul Tudor Jones, Jean-Louis van der Velde, Nikil Viswanathan, Cameron and Tyler Winklevoss, and Changpeng Zhao. You're smarter than *all* of them? And by that notion, you're saying you're smarter than all the managers, analysts and consultants of all the pension plans, endowment funds, family offices, sovereign wealth funds, financial advisors and asset management firms that own and recommend bitcoin? *You're that smart?*

Well, if your investment returns haven't outperformed them, maybe you ought to reevaluate your viewpoint about bitcoin.

Still, there could be one final reason you're not allocating to or recommending bitcoin. And that's our final mistaken belief.

MISTAKEN BELIEF #6

Buying bitcoin is an extreme, speculative bet – and I don't believe in taking big risks with my, or my clients', investments.

At first glance, an investment in bitcoin seems to be sheer speculation, a bet not only that the price will rise, but that it will rise more than other investments. You're a smart, diligent, careful and experienced investor or advisor, and you avoid such bets because you know that speculating and investing are two very different activities – with very different outcomes.

The surprise, then, is discovering that the speculation is actually *not* investing in bitcoin, rather than investing in it. Here's why.

Most market observers would agree that, over a 10-year period, a traditional portfolio with an allocation of 60% in stocks and 40% in bonds could be expected to generate an average annual return of 6% to 8%. For our purposes here, let's assume 7%. Most would also agree that bitcoin could fall to zero, becoming worthless permanently. Finally, most in the crypto community believe bitcoin has the potential to reach $1 million over the next decade. Let's call that a 10x gain from today, based on a December 2024 bitcoin price of $100,000.

Here are the results obtained by four portfolios, each held for 10 years. One portfolio has no allocation to bitcoin; the other three have a 1%, 3% and 5% bitcoin allocation, respectively. The chart below shows what happens after 10 years if bitcoin has either fallen to zero or risen to $1 million.

Allocation			Portfolio Return After 10 Years	
Stocks	Bonds	BTC	Bitcoin is Worthless	Bitcoin is $1 Million
60%	40%	0%	7.0%	7.0%
59%	40%	1%	6.9%	7.4%
57%	40%	3%	6.8%	8.2%
55%	40%	5%	6.7%	9.0%

As you can see, the worst-case scenario is that the average annual return falls from 7% to 6.7%. But the best-case scenario is that the return jumps to 9%; a $1 million portfolio that invested 5% into bitcoin would be worth $400,000 more than the portfolio that didn't buy bitcoin.

So, choose between these two results: (a) 7% or (b) 6.7% to 9.0%. Which is more appealing to you? The big bet isn't allocating to bitcoin – it's failing to do so. As an investor, your future financial security won't be harmed if a small allocation to bitcoin becomes worthless. And if bitcoin rises anywhere near its potential, your portfolio will be higher than it otherwise would be, materially improving your future financial security.

If you're a financial advisor, no client will criticize you because you delivered a 6.7% gain instead of 7%. And if bitcoin grows as expected, you can expect plenty of thanks (and lots of referrals) for generating gains for your clients that are as much as 28.6% higher than they otherwise would be. And remember: your clients' higher AUMs are not just good for them; they translate into more revenue for you, too. With bitcoin, everyone wins.

This is why adding a small, single-digit allocation to a client's long-term, diversified portfolio is not an extreme bet. Quite the contrary: the extreme position is a refusal to add any bitcoin at all.

No one is suggesting that a portfolio be overloaded with 40% to 60% crypto, the way you load it up with stocks and bonds. All we're saying is that 1% or 3% or 5% bitcoin allocation makes sense as part of a comprehensive investment strategy.

And if you disagree with that, well then, who's the extremist now?

Conclusion

You don't need to admit that you were wrong. It's not too late to invest, and bitcoin's volatility is not a concern. There's no need to fear quantum computing, or the people who promote bitcoin. The extreme view is not owning it, rather than owning a little. After all, a small allocation won't harm you if it underperforms, while the expected outperformance would have a materially beneficial impact on your future financial security.

How much bitcoin should you own? That's up to you. All that's known is there's only one wrong answer: maintaining a zero allocation. Indeed, it's time to...

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