



# Bitcoin Savings Plan.

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## Welcome

This document outlines the basics of Bitcoin. Some of the topics it will cover include what Bitcoin is, how it works, best practices for use and the steps to set up your individual Bitcoin Savings Plan.

Welcome to the Bitcoin Saving Plan, powered by Bitcoin Well. Our company's aim is to give Canadians financial sovereignty by helping to make Bitcoin more accessible and understood. You may be wondering, what is "financial sovereignty"? The beauty of Bitcoin is that it's maintained by a decentralized network of users around the world -- not a bank or government. This system empowers you to self-manage your assets, allowing individuals to be in complete control of their own Bitcoin.

The Bitcoin Savings Plan (BSP) will give you an introduction to Bitcoin, and guide you through the program to better understand how it can help you meet your financial goals and manage your *well-th* independently.

### What Is Bitcoin?

Bitcoin was the first mainstream and most popular decentralized cryptocurrency. Cryptocurrency is a virtual currency that is secured by cryptography – a type of encryption – that makes it impossible to counterfeit. Bitcoin relies on an unchangeable database, or digital ledger, known as a blockchain to record respective ownership. Each part of a Bitcoin purchase, sale, or transfer is recorded on the blockchain. The blockchain is maintained by a network of computers that must achieve consensus to confirm a transaction in order for it to be recorded in the digital ledger. The benefit of having a decentralized system is that an entity, like a bank, does not hold your Bitcoin, allowing you to be financially independent.

You may now be wondering, "*what if I don't want to buy a whole Bitcoin*"? A key characteristic of sound money is that it must be divisible. Every Bitcoin is made up of 100,000,000 Satoshis. A Satoshi represents one unit, meaning that you can purchase a fraction of a Bitcoin. Being able to buy as little or as much as you want in regular intervals, through the BSP, makes Bitcoin the perfect asset for those looking to diversify their savings.

### What Problems Does Bitcoin Solve?

Bitcoin is an asset, much like gold or fiat currencies. Gold allows you to maintain value over time, however it is not easy to transfer and it's unknown how much gold could be mined in the world. Fiat currencies, like the Canadian dollar, are easy to carry around, but it's also unknown how much more could be printed in the future. The potential for more demishes the store of value for these assets and leads to inflation. With Bitcoin, there is a finite amount that can be mined. Only 21 million Bitcoins exist. What that means is although the price may fluctuate, over time they will most certainly be valuable and digital currency is the easiest asset to transfer should you ever wish to sell. ►



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## How To Safely Store Bitcoin in a Wallet

When buying Bitcoin, it is important to realize that YOU are probably the greatest threat to your money. Being in control of your own Bitcoin requires that you take proactive steps to protect it. Digital wallets are used to secure Bitcoin. These can be online and offline, often referred to as “Hot or Cold Wallets” respectively.

Any wallet that is connected to the internet is considered a Hot Wallet (i.e. Bitcoin exchanges, cloud wallets, software wallets and most mobile wallets) and is therefore less secure. This wallet is however useful for accessing your Bitcoin at any time to transfer funds. Best practice is to only keep as much Bitcoin on your Hot Wallet as you would keep cash in your physical wallet.

A Cold Wallet is not connected to the internet and is therefore more secure. You can still receive funds on a cold wallet at any time, but no one, including you, can transfer them out when offline. Paper wallets, hardware wallets and similar offline data storage devices fall under the category of cold wallets. These are recommended for those participating in the BSP for security.

When setting up a wallet, there are steps that everyone must take, including the creation of a *private key* and *seed phrases*.

A private key in the context of Bitcoin is a secret number that allows Bitcoin to be transferred. Every Bitcoin wallet contains one or more private keys, which are saved in the wallet file. The Bitcoin wallet does not store Bitcoin, it just keeps track of your Bitcoins location on the Blockchain. The private keys are uniquely connected to your *wallet address* (aka public address or public key). The signature from the private key is what validates a transaction and allows it to go through. This address is a long string of 34 letters and numbers unique to you.

Seed phrases are a list of words which store all the information needed to recover your Bitcoin. Wallet software will generate a set of unique seed phrases just for you, which must be written down (they call this a paper wallet). While we encourage you to be cautious, don't overdo it and create a system or hiding place so secure that you lock yourself out of your own Bitcoin. Best practice for maintaining security is as follows:

- We recommend you invest in a hardware wallet, such as a Ledger Nano S.
- Do not allow anyone to see your private keys or seed phrases
- Keep your seed phrases written down in a “paper wallet” and put it in a safe place, secure from theft or fire damage
- Do not store your unencrypted private key or seeds on an internet connected device ►



### Remember:

“*Not your keys, not your coins,*” which simply means if you don't control or lose the keys to your wallet, you don't control the Bitcoin stored in it. There is no recovery method!



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## Sending & Receiving Bitcoin

Bitcoin transactions need to be processed, and it takes time to do that. If transaction fees are higher the transaction will be processed quicker. The busier the network is the longer transactions will take. Transactions can take up to twelve hours or a few minutes to process, depending on network conditions.

With the BSP you can avoid the fluctuation and have set amounts of Bitcoin deposited into your wallet on a regular basis. Set up is simple and it only needs to be done once. If at any point you want to spend your Bitcoin or transfer it to another wallet, that process is very simple to do and can be done at an ATM using a Hot Wallet, online or in person at one of Bitcoin Well's over the counter offices.

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