

bitcoin PROFIT SECRETS



GUIDE 5:

Storing your Bitcoin and other
cryptocurrency safely

Bitcoin Storing – How To Store Your Bitcoin And Other Cryptocurrency Safely

Keeping your bitcoins safe from prying eyes, malicious bots, hackers and your garden-variety thieves, is not easy. Everyone wants a piece of bitcoin nowadays, it seems.

If people know you've invested in Bitcoin in the early days, and you still have your investment with you, then they know you're literally sitting on top of a fortune. We don't want to sound sinister, but it's just sad a fact of life that some people will do anything for money or in this case, bitcoins.

There are many ways you can keep your precious digital fortune safe. Just like your paper money, you can store different amounts of bitcoin in different types of wallets. Some are 'hot' wallets while some are considered 'cold.' You'll learn more about these types of wallets as we go through each of them in this guide.

It's important to mention here that when we say 'keeping the bitcoins safe,' we're actually referring to keeping the 'private key' safe. Within your wallet, your bitcoins would have an associated address, and each bitcoin address is composed of a 'public key' and a 'private key.'

The public key is THE bitcoin address itself, and it can be shared with anybody. The public key can be compared to an email address. Everybody who knows your email address can send you emails.

The private key is analogous to your email password. Without a password, no one can read your email. In the same way, without a private key, you can't make a transaction to send bitcoins to another user. This is why keeping the private key safe is of utmost importance.

If hackers get hold of your private key, they can send ALL your bitcoins to their own accounts.

Because of the way Bitcoin is designed, there's no way for you to know where your bitcoins would be sent and there is absolutely zero chance of retrieving any bitcoins.

Bitcoin's most attractive features such as near-instant transfers, anonymous and irreversible transactions are also your biggest concerns if your private keys get stolen. Once your bitcoins are stolen and transferred to another user, you really have no other choice but to accept the fact and move on. There is nothing else you can do.

So let's move on to how you can keep your private keys, and your bitcoins, safe from hackers and thieves.

Online Wallets

The easiest way to get started with bitcoins is by getting an online wallet. You don't even need to have bitcoins yet to get your own wallet. You can simply go to sites like Blockchain.info, Coinbase.com, and other bitcoin exchange platforms to create your first wallet.

Online or web wallets are great for those just getting their feet wet with bitcoins and those who don't have a sizeable inventory of bitcoins yet.

They are easy to setup, they're very convenient, and you can access them from anywhere with an Internet connection. Online wallets are 'hot wallets' for this very reason – anyone can access your wallet, too!

In fact, what's even worse is that most web wallets store your private keys on their servers so if the platform is hacked, then your bitcoins are as good as gone.

Likewise, if a serious technical glitch happens on the site, your private keys could be compromised or totally gone. There's also the very real threat of having your account limited or suspended by the platform. You may unknowingly go against the site's terms of service or something similar, and they can shut your account down, and your private keys, forever.

If you've got a significant bitcoin stash, then it's best if you move it to a more secure 'cold' wallet that's not connected to the Internet. Not having control over your bitcoins is a scary thought and one that you shouldn't take a chance on.

While there are inherent risks to online wallets, it's not all bad especially if you make transactions frequently. You can just store a few bitcoins in your online wallet for those regular transactions and keep the rest in a more secure wallet.

This way you'll still get to experience the convenience of an online wallet while having peace of mind that a large percentage of your bitcoins are out of harm's way.

Mobile Wallets

Just like online wallets, mobile app wallets are also 'hot' wallets because you can easily access your bitcoins anywhere you've got an Internet connection. Out of all the wallets on this guide, mobile wallets are the most convenient. It may not be the safest, but no one can deny its convenience.

You can send bitcoin payments to any merchant online or offline. Some web wallets have a mobile counterpart. For instance, both Blockchain.info and Coinbase mobile wallets are synced to your web wallets which is really very convenient as both wallets sync automatically so you can see your balance when you log in or access either wallet.

This convenience is precisely why more local businesses should accept bitcoin payments. The Bitcoin community is growing at an exponential rate, and these savvy users would be installing mobile wallets on their iPhones and Android smartphones.

There's probably no easier way for them to pay than just scanning your bitcoin address' QR code and hitting that Send button to pay for your products or services!

However, not everything is good with mobile wallets. For instance, your private keys can still be accessed by hackers whether it's saved on a third party server or your mobile phone.

If you lose your mobile device or it gets damaged, you could also potentially lose all your bitcoins and other cryptocurrency if you didn't make backup copies of your private keys and stored them somewhere safe.

The best way to take advantage of a mobile wallet is by only transferring what you need from a more secure wallet (like a hardware wallet) to your mobile wallet. This way even if you lose your phone, and you can't recover your private keys on there, then you won't be losing all your bitcoins.

Desktop Wallet

The third type of wallet you can use to store your bitcoins relatively safely is a desktop wallet. It's basically a desktop app where you store your private keys in. The most popular one, though not always the most practical one, is Bitcoin Core.

When you install the software, you need to make sure you have more than 150GB (or more) free disk space as it will automatically download the entire blockchain dating back to 2009!

You can't not download the blockchain as Bitcoin Core will not process any transaction unless the entire ledger has been downloaded to your system. Once it's been downloaded, you can then start sending and receiving bitcoins to your wallet.

If you don't have plenty of disk space to spare, nor the bandwidth to download such a massive file, then here's some good news for you -- Bitcoin Core is not the only desktop wallet available nowadays.

You've actually got plenty of choices to choose from such as Electrum, Bither, Armory, and more, which don't require you to download the blockchain as it uses SPV (Simple Payment Verification) technology.

Desktop wallets are relatively easy to use, and it's safer than a web or mobile wallet because you can just disconnect your computer from the Internet to avoid hackers from getting in your system and stealing your private keys.

Of course, it's not as convenient as a web or mobile wallet, but at least you have full control over your private keys. You can keep a backup copy of the keys just in case your computer gets stolen, infected with a virus or permanently damaged.

If you don't backup your private keys, you could lose all your bitcoins in the blink of an eye.

Paper Wallet

It might sound weird at first to store your digital cryptocurrency in a paper wallet. You're probably going to ask why anyone would do that when bitcoin doesn't exist physically.

Bitcoin and paper may not seem like a match made in heaven, but when you think about it, they actually do. Well, on some level at least.

Paper wallets are a form of 'cold storage' because Internet hackers won't ever get to hack into your little piece of paper. There are plenty of skilled hackers who can find a way to access most computers and servers, but we're pretty sure paper isn't one of them.

Your bitcoins may be safe from hackers but not from offline thieves. If you don't take care of your paper wallet, if you leave it lying around in

unsecured places, then you're literally giving someone the keys to your fortune!

Water is also something you should consider when using paper wallets. Storing your wallets in zip locks and other water resistant containers should help overcome this problem.

Paper wallets are not as convenient as mobile or web wallets, but they are definitely more secure. You can print both your public and private keys and hide it somewhere safe like a safety deposit box.

Paper wallets are the best type of wallet for storing your private keys for long periods of time.

If you don't intend to touch your bitcoins for months or years, then you can create paper wallets. Of course, just like we've recommended in previous sections, it's best to keep a few bitcoins (only what you can afford to lose) in more convenient wallets so you can continue sending and receiving bitcoins. The rest of your private keys can go in the paper wallet.

Hardware Wallet

There's a consensus in the Bitcoin community that hardware wallets are the safest bitcoin wallets and something every serious Bitcoin investor and enthusiast should consider buying. Unlike the other wallet types we've covered so far in this guide, hardware wallets are relatively expensive.

Of course, if you've got a considerable number of bitcoins to protect, then it's really a small price to pay for keeping your fortune safe. Most hardware wallets support a host of cryptocurrencies so if you've invested in non-

bitcoin currencies too, then you'll find this type of wallet to be an excellent purchase.

Hardware wallets are basically powerful and durable USB sticks which you plug into your computer when making a bitcoin or cryptocurrency transaction. When you're done, simply remove the wallet and store it somewhere safe.

A unique security feature on hardware wallets is the ability to generate private keys offline which means that it's less vulnerable to hacker attacks. These sturdy little devices allow you to bring your private keys anywhere with you without fear of having it exposed to the outside world.

Setup is also quick and easy with hardware wallets. Depending on the wallet, you can assign a PIN code, password, or recovery seed words which you can use to authenticate your access as well as recover your bitcoins in case your wallet is lost or destroyed.

Just in case you get some form of amnesia and forget your recovery details, you should write down your secret details and hide it somewhere only you know. Otherwise, if someone finds it, either by accident or by design, then your bitcoins and whatever cryptocurrency you have on there will soon be gone.

Hardware wallets are excellent for storing all your cryptocurrencies safely. Whether you've got a sizeable collection of digital currency or not, you never have to worry if your wallet will be hacked and your money stolen.

Your private keys are relatively safe. You just need to make sure your memory never fails you, and you'll always remember where you've hidden your wallet backups!

To sum up this guide, the best wallet for your bitcoins and cryptocurrencies are actually a combination of different wallets. Use hard wallets or paper wallets for long-term storage, desktop wallets for medium-term storage, and web and mobile wallets for short-term storage and frequent transactions.