

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Price of Bitcoin When You Retire

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The reason why many people invest is to have money for retirement. It is common to dream of investing so successfully that one can retire early. To pull this off you need to do a few basic things. The first is to pick an investment that will not only hold its value but grow over the years. The second is to use an approach like [dollar cost averaging](#) and invest regularly. Getting into the habit of putting money aside every payday, month, quarter, or year takes discipline but many do this successfully. The tricky bit is picking an investment that will grow through all of the years until you retire. Many have already established a nice nest egg by buying Bitcoin when it was cheap and holding on. In this regard, you should ask yourself what will be the price of Bitcoin when you retire.

Will Buy and Hold Investing Work for Bitcoin?

Warren Buffett has accumulated one of the largest fortunes on earth. His favorite length of time to hold a stock is forever. He only invests in a stock when he fully understands what the company does to make money and how it is likely to keep making money far into the future. He and other long term investors use the concept of [intrinsic stock value](#) to determine if an investment fits as something to hold forever. If you bought several Bitcoin tokens back at the beginning when it was worth less than a dollar you can probably use Buffett's approach. Although Bitcoin is selling at less than half of its 2021 peak, it is still worth tens of thousands of dollars more than when you bought it. However, with the dollar cost averaging approach you will keep buying and that means you are paying substantially more for each token than years ago. Thus you are betting on another Bitcoin bull market.

Does the Buffett Approach Work for Bitcoin?

This is the crux of the issue when deciding to invest long term with Bitcoin. Bitcoin does not pay interest like a corporate bond, CD at your local bank, or a US Treasury. For a Bitcoin investment to grow in value the token itself needs to steadily increase in value. Will it? *Decrypt* notes that supply and demand drive the [price of Bitcoin](#). In the short term this has to do with how many people are selling and how many are buying. Over the long term we know that the eventual number of Bitcoin tokens is fixed. Neither of these factors tell us if people will trust Bitcoin for their retirement savings. Certainly, the terrible losses inflicted by crypto winter soured many people to Bitcoin and other cryptocurrencies. It remains to be seen if the coming onslaught of regulations will help renew trust in crypto in general and Bitcoin in particular. In regard to how many people are buying and selling Bitcoin, Bitcoin wash trading is common and distorts the market.

Diversify Your Retirement Investments

An investment approach that many successful investors use is portfolio diversification. There are two things to keep in mind if you take this approach. The mantra for Bitcoin and the rest of the crypto world is that crypto is a store of value, protection against inflation, and very likely to survive and prosper when the rest of the

financial system collapses. The other part is that during crypto winter, Bitcoin value went up and down with the Nasdaq stock market. The Nasdaq has gone up over time and may well again. Thus, an investment that tracks the Nasdaq may be a good idea. In regard to the belief that Bitcoin will retain its value forever, that remains to be seen. A good idea if you are investing in Bitcoin for retirement is to make it part of your portfolio and not everything you will need for a comfortable retirement.

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