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The Bitcoin Allocation Calculator

A step-by-step framework to work out how much of your portfolio belongs in Bitcoin — based on your risk profile, not the headlines.

By **Arundhathi Enamela** — CryptoMom

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A NOTE BEFORE YOU BEGIN

Why I built this for you

Hi, I'm CryptoMom — and if you're reading this, you've probably already asked yourself the question every Bitcoin-curious investor eventually asks:

"How much of my money should actually go into this?"

It's the right question — far better than "which coin will 10x" or "is now the time to buy." Price predictions expire the moment you make them. **Allocation decisions, on the other hand, are something you can actually control.** They protect you on the way down and let you participate on the way up, regardless of what the market does next.

Most people either go in too big, driven by excitement, and panic-sell the first real correction — or they stay at zero out of fear, and watch a decade go by without ever starting. Both are allocation mistakes, not market-timing mistakes.

This guide walks you through a simple, honest framework: how to find your risk profile, how to translate that into an actual percentage, how to fund it responsibly, and how to keep it in balance as the market moves. At the end, you'll also find a link to the free interactive calculator that turns this framework into a personalized number in under a minute.

This isn't personalized financial advice — it's the same structured thinking I use myself, laid out so you can apply it to your own numbers, with your own eyes open.

— CryptoMom

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CHAPTER 1

Allocation, Not Prediction

Every investing decision you make about Bitcoin actually breaks into two very different questions — and only one of them is worth your energy.

Question one: "Will Bitcoin go up or down from here?" Nobody can answer this reliably, including people paid to sound confident about it. Price prediction is entertainment, not strategy.

Question two: "How much of my total wealth should be exposed to this outcome, whatever it turns out to be?" This is the question that's actually answerable — and it's the one this entire guide is built around.

Allocation sizing is the single decision that determines whether a bad month in the market is a minor blip in your portfolio or a life event. Get the size right, and you can survive a 50% drawdown without changing your behavior. Get it wrong — in either direction — and you'll either panic-sell at the worst moment or sit on the sidelines and miss the entire point of holding the asset.

50%+	1–15%	4
HISTORICAL BITCOIN DRAWDOWNS, MORE THAN ONCE	TYPICAL SATELLITE ALLOCATION RANGE THIS GUIDE COVERS	INPUTS THAT ACTUALLY DETERMINE YOUR NUMBER

The four inputs that matter

Every credible allocation framework — for Bitcoin or any volatile asset — comes down to four honest inputs about you, not the market:

1. **Risk tolerance** — your emotional and financial capacity to watch a position lose half its value without acting rashly.
2. **Time horizon** — how many years before you're likely to need this money.
3. **Income stability** — whether a market downturn would also coincide with pressure on your income.
4. **Existing diversification** — what your portfolio already looks like without Bitcoin in it.

The core idea: Bitcoin works best as a satellite position around a diversified core — not as a replacement for one. The next chapters help you size that satellite honestly.

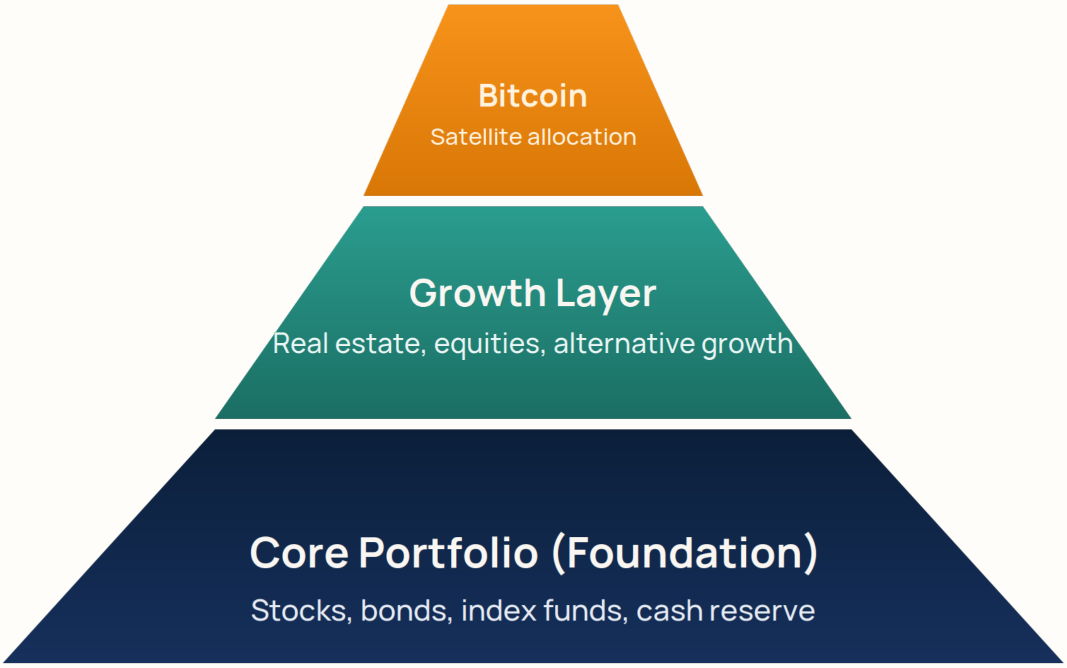
CHAPTER 2

Find Your Risk Profile

Before any percentage means anything, you need an honest read on which of these three profiles actually describes you — not which one you'd like to be.

Ask yourself…	Conservative	Moderate	Aggressive
A 40% drop in a single position would make me…	Lose sleep, want to sell	Uneasy, but I'd hold	Unbothered, maybe buy more
My time horizon for this money	Under 3 years	3–7 years	7+ years
My income if markets crashed	Would likely be affected	Probably stable	Very stable / multiple sources
My emergency fund	Partial or none	3–6 months covered	6+ months covered
My investing experience	New to volatile assets	Some experience	Been through a full cycle before

If most of your honest answers land in one column, that's your starting profile. If they're split, **default to the more conservative one** — it's far easier to increase an allocation later than to recover from one that was too large.



WIDER BASE = LOWER RISK · NARROW TIP = HIGHER RISK, HIGHER CONVICTION

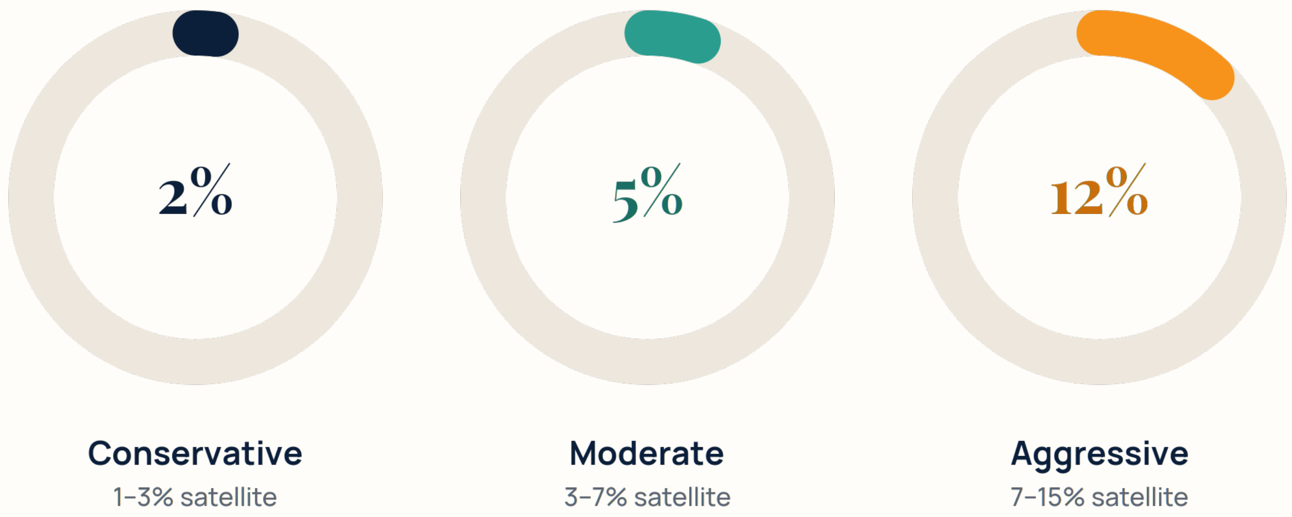
Bitcoin sits at the top of the pyramid as a satellite position — sized in proportion to how much risk the base of your portfolio can absorb.

> **Be honest, not aspirational.** The goal of this exercise isn't to prove you're a risk-taker. It's to size a position you'll actually be able to hold through a real drawdown — because an allocation you abandon in a panic never captures the upside it was sized for.

CHAPTER 3

The Three Allocation Bands

These ranges are a widely-referenced educational starting point, not a personalized recommendation — think of them as the boundaries most thoughtful frameworks converge on.



Illustrative midpoint of each range — see Chapter 2 to find your own band

Illustrative midpoint of each band. Your exact number should sit inside the range, adjusted by Chapter 4.

Conservative — 1% to 3%

Designed to give you real exposure to Bitcoin's upside without the position ever being large enough to threaten your financial stability, even in a worst-case drawdown. At this size, even a Bitcoin position going to zero would be a bruise, not a wound.

Moderate — 3% to 7%

The most common band for investors with a diversified core, a stable income, and a multi-year horizon. Large enough to be meaningful if Bitcoin performs well, small enough that a severe drawdown doesn't derail your broader financial plan.

Aggressive — 7% to 15%

Appropriate only for investors with high risk tolerance, long time horizons, and a genuinely diversified core outside of crypto. Above roughly 15–20%, most frameworks stop calling this "diversification" and start calling it "concentration" — worth naming honestly rather than dressing up as a strategy.

> **A note on going higher:** Some investors choose to allocate well above 15%. That's a legitimate personal choice — but at that point you're not diversifying with Bitcoin anymore, you're making a concentrated bet on it. Make sure that's a decision you're making consciously, not one you drifted into.

CHAPTER 4

Adjusting for Life Stage

Your risk profile sets the band. Your life stage fine-tunes where you sit inside it.

Life stage	Typical adjustment	Why
Early career, few dependents	Upper half of your band	Longest runway to recover from drawdowns
Mid-career, family & mortgage	Lower-to-mid of your band	More fixed obligations competing for stability
Within 5 years of retirement	Lower half, trending down	Shorter horizon to recover from a downturn
Retired, drawing income	Conservative band only	Portfolio needs to fund living expenses now
Variable / freelance income	One notch more conservative	Income and market risk shouldn't compound

None of these are rules — they're the adjustments that show up most often in practice. If two factors pull in opposite directions (say, young age but unstable income), let the more conservative factor win. The cost of under-allocating is a smaller gain. The cost of over-allocating at the wrong life stage can be a forced sale at the worst possible time.

> **Worth remembering:** Your allocation isn't a one-time decision. Revisit your life-stage adjustment every year, or whenever something major changes — a new job, a child, approaching retirement, or a shift in how stable your income feels.

CHAPTER 5

Funding Your Allocation

Once you know your target percentage, the next decision is how you actually get there — all at once, or gradually.

Lump sum

You move your full target allocation in a single purchase. Historically, this has the edge in expected return, simply because markets trend upward more often than not over long periods — so time in the market usually beats waiting.

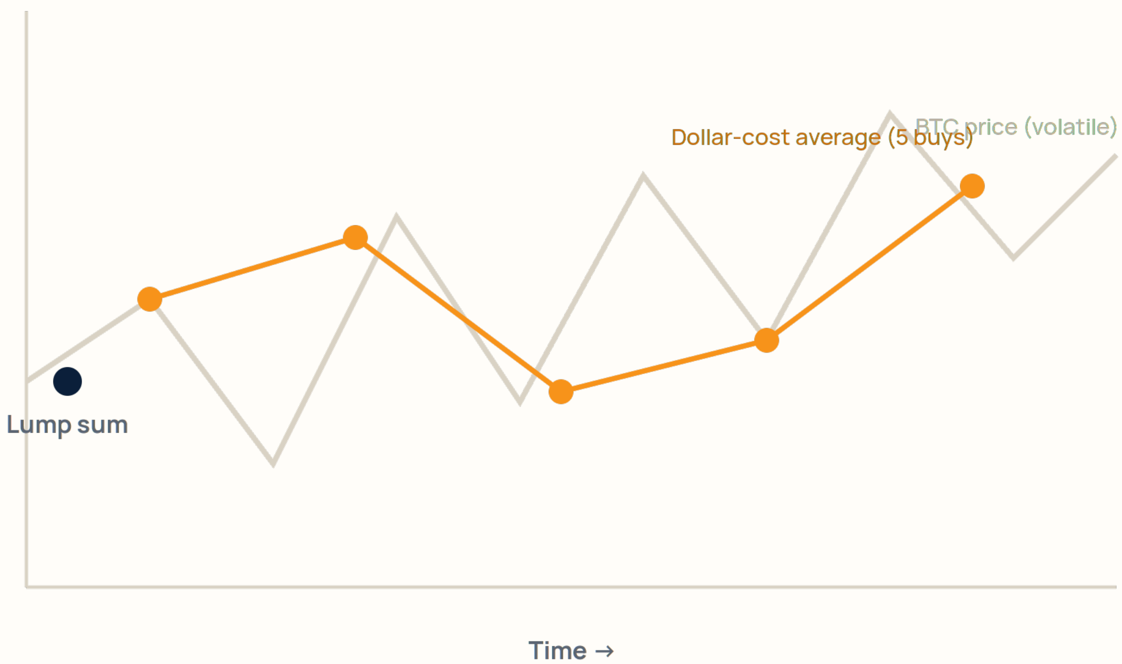
Best suited for: money you won't need soon, and a temperament that won't be shaken by buying right before a short-term dip.

Dollar-cost averaging (DCA)

You split the same target amount into smaller, regular purchases over weeks or months. You give up some expected return in exchange for a smoother entry price and, importantly, a much easier emotional experience.

Best suited for: first-time Bitcoin buyers, and anyone who'd rather trade a little upside for a lot less regret.

Spreading purchases smooths your average entry price



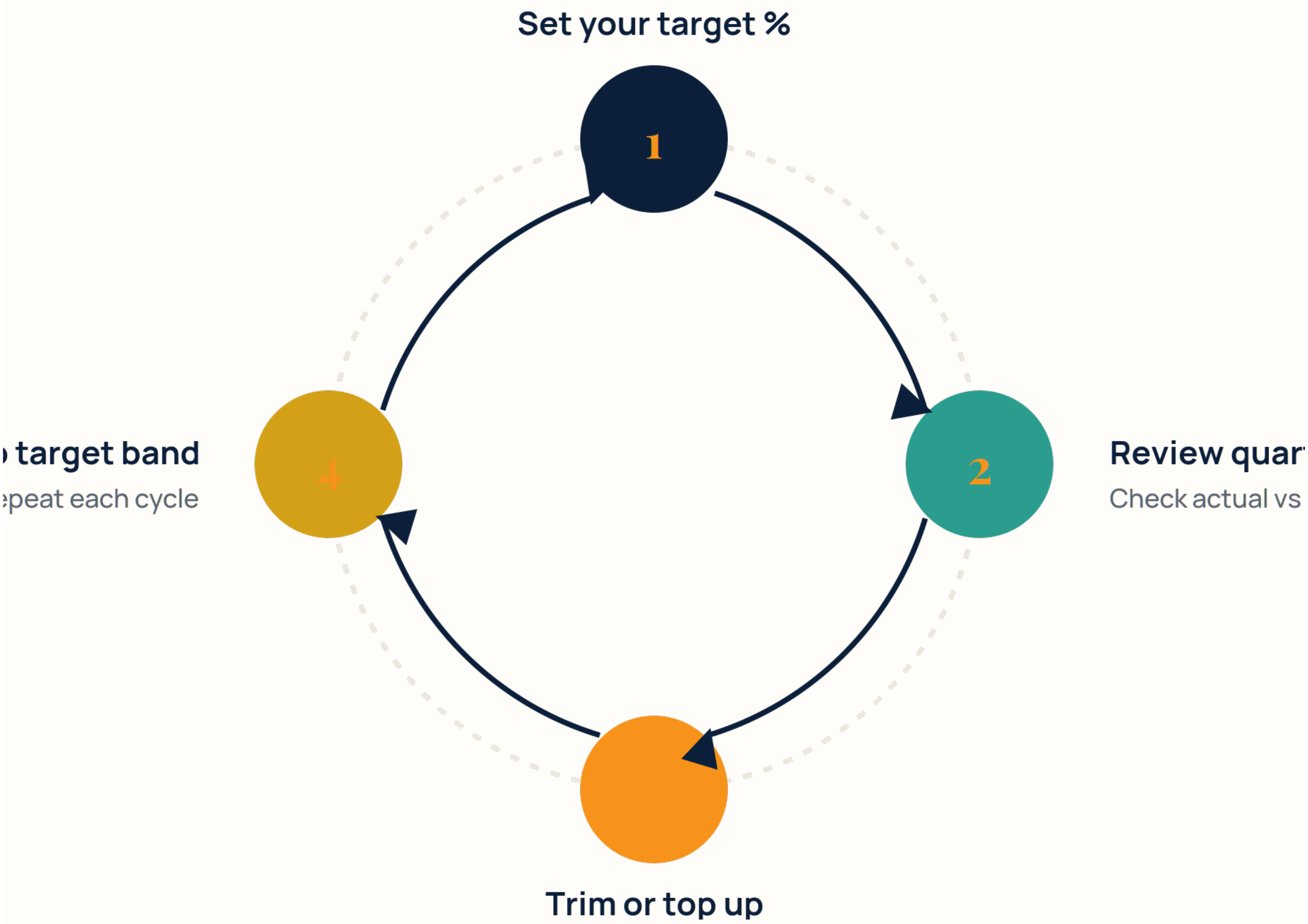
Illustrative only. DCA doesn't guarantee a better outcome — it reduces the odds of buying entirely at a peak.

A practical middle path: Many investors split the difference — deploying half the target allocation immediately, then dollar-cost averaging the remainder over the following 3–6 months. It's a reasonable way to get meaningful exposure early while still smoothing your average entry price.

CHAPTER 6

Rebalancing Without Emotion

Your target percentage isn't a "set it and forget it" number — Bitcoin's volatility means your actual allocation will drift, sometimes quickly, in both directions.



A simple quarterly rebalancing cycle keeps your allocation anchored to your original plan, not to recent price moves.

1. **Set a target band, not a single number** — for example, "5%, with a tolerance of 3–7%." This avoids constant, costly micro-adjustments.
2. **Check in quarterly**, not daily. Checking too often invites emotional decisions; checking too rarely lets drift go unmanaged.
3. **If Bitcoin has risen and pushed you above your band**, trim back to your target — this locks in gains and redistributes them into your core holdings.
4. **If Bitcoin has fallen and pushed you below your band**, top up to your target — this is the disciplined version of "buy the dip," sized by a plan instead of emotion.

Why this works: Rebalancing forces a mechanical version of "sell high, buy low" — without requiring you to predict anything. The plan does the timing for you.

CHAPTER 7

Five Allocation Mistakes to Avoid

These are the patterns I see most often — each one traces back to skipping a step in this framework, not to bad luck.

1. Sizing the position around a price target, not a risk profile

"I'll put in enough to make $50,000 if it hits $200K" is a lottery-ticket mindset, not an allocation strategy. Size the position around what you can hold through a drawdown, not around a hoped-for outcome.

2. Treating a satellite allocation like a core holding

If Bitcoin has quietly grown to 40% of your portfolio because you never rebalanced, you no longer have a diversified portfolio with a satellite position — you have a concentrated crypto bet with some diversification on the side.

3. Funding the allocation with money earmarked for near-term needs

Rent, emergency funds, and money needed within 1–2 years should never fund a volatile position, regardless of how strong the conviction feels.

4. Increasing allocation after a rally, decreasing after a drop

This is the opposite of the rebalancing discipline in Chapter 6, and it's the single most common way investors turn a reasonable long-term plan into a series of buy-high, sell-low decisions.

5. Never revisiting the number at all

Life stage changes. Income changes. Risk tolerance genuinely shifts with experience. An allocation that was right five years ago may no longer fit — revisit it at least annually.

CHAPTER 8

Three Worked Examples

Seeing the framework applied to real numbers makes it concrete. These are illustrative profiles, not real individuals.

Example A — Priya, 29, Conservative-Moderate

Total investable portfolio	₹12,00,000
Profile	Moderate, early career, stable job
Target allocation	5%
Bitcoin allocation amount	₹60,000
Funding method	DCA over 4 months (₹15,000/month)

Example B — Rahul, 41, Moderate, family with mortgage

Total investable portfolio	₹45,00,000
Profile	Moderate, lower-half adjustment (mortgage, 2 dependents)
Target allocation	3.5%
Bitcoin allocation amount	₹1,57,500
Funding method	50% lump sum, 50% DCA over 3 months

Example C — Meera, 52, Conservative, retiring in 6 years

Total investable portfolio	₹80,00,000
Profile	Conservative, shortening time horizon
Target allocation	1.5%

Bitcoin allocation amount	**₹1,20,000**
Funding method	DCA over 6 months, reviewed annually as retirement nears

> **Notice the pattern:** the allocation percentage moves with risk profile and life stage — not with how bullish each person feels about Bitcoin's price. That's the entire point of this framework.

Your Allocation Worksheet

Fill this in by hand, or use the free interactive calculator linked below for an instant result with the same logic.

Step 1 — My total investable portfolio (excluding home, emergency fund)

____

Step 2 — My risk profile (Conservative / Moderate / Aggressive, from Chapter 2)

____

Step 3 — My life-stage adjustment (upper / mid / lower half of band, from Chapter 4)

____

Step 4 — My target allocation percentage

____

Step 5 — My Bitcoin allocation amount (Step 1 × Step 4)

____

Step 6 — My funding method (lump sum / DCA / split) and timeline

____

Step 7 — My rebalancing check-in dates (mark quarterly on your calendar)

____

> **Prefer it automatic?** The CryptoMom Bitcoin Allocation Calculator online does Steps 3–5 for you instantly — enter your portfolio size and answer three quick questions to get your personalized band. Find the link on the final page.

CHAPTER 10

Important Disclaimer

This guide and the accompanying Bitcoin Allocation Calculator are provided for **educational purposes only**. They do not constitute financial, investment, tax, or legal advice, and are not a personalized recommendation to buy, sell, or hold any asset.

The allocation ranges and worked examples in this guide are illustrative frameworks based on commonly referenced risk-management principles — they are not tailored to your individual financial circumstances, and should not be treated as such.

Bitcoin and other cryptocurrencies are highly volatile assets. Their value can rise or fall significantly, including the potential for total loss of invested capital. Past performance, including any historical patterns referenced in this guide, is not indicative of future results.

Before making any investment decision, please consult a licensed financial advisor who can assess your complete financial situation, and consider your own risk tolerance, obligations, and goals carefully.

CryptoMom and Arundhathi Enamela are not registered financial advisors. This material reflects an educational framework for thinking about allocation, not a professional recommendation.

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Ready to see your number?

Use the free interactive Bitcoin Allocation Calculator to turn everything in this guide into a personalized recommendation in under a minute.

Web cryptomom.net

WhatsApp +91 99496 48985

Telegram @alphacontentwriting