

Bitcoin UTXOs Explained 15-01-2026:

Buying BTC regularly and practicing self-custody is the right approach. But there's a structural issue with how Bitcoin works that most people discover too late, usually when they're staring at a \$500 fee quote to send \$1,000 worth of BTC.

The problem isn't the BTC you bought. It's how you received it. Bitcoin uses something called UTXOs (Unspent Transaction Outputs) as fundamental building blocks to address several tradFi problems.

In this model, individual pieces (chunks) of BTC are created every time you receive a BTC payment. Over time, if you stack up too many UTXOs, you could end up paying 10-20x more in transaction fees than someone sending the same amount of BTC from fewer, larger pieces.

A UTXO (Unspent Transaction Output) represents the unspent portion of a cryptocurrency that remains after a transaction completes. Think of it as the digital version of the change you receive after buying something with cash.

With a bank account, you deposit cash and it immediately mixes with everyone else's money. If you deposit five \$20 bills totaling \$100, the bank just records "+\$100" to your account. In contrast, Bitcoin transactions are more like money in a piggy bank – each deposit (like five \$20 bills) stays separate.

Each UTXO is distinct, holds a different amount, and remains a separate, independent piece until you spend it. These individual pieces collectively form your Bitcoin wallet balance, serving as the foundational components of Bitcoin's transaction system.

For instance, a Bitcoin wallet balance of 0.52 BTC might actually be three separate UTXOs: 0.20 BTC + 0.15 BTC + 0.17 BTC.

The crucial detail is that a UTXO is either fully unspent or fully spent – you can't use just a part of it. When you spend it, the old UTXO is destroyed and new ones are created: for the recipient and your change.

Secret Phrase

fence tone park man party paddle rose plastic roof goose poverty medal	laugh garden usage enough magnet pill grow guard spy oyster uncle wear
plug ill spatial siren cool wash float release tail ivory world twelve	clock immune dash jacket local adult matter wealth fee true flock spell
resemble where bundle song cave tourist damp cram media artefact letter vicious	lonely glue chaos vast sound kind history kangaroo code actor lens gravity
army exclude gaze educate foot mask scrap guess salt wagon evil biology	soap alter bag grunt stomach equip seed debris staff movie juice tornado
sad hollow green action odor call brother multiply grab husband pilot lobster	zero behave patient stand negative correct option escape talk melody broccoli fix
tool review delay wedding cable language pig prevent ankle broom wrist drastic	claim sketch rich when attitude lend need reform track input iron now
punch year truck dry blast actress speak enjoy cruise own crucial nut	summer okay grief cloud addict dress club wing connect bomb dance learn
cart rack another buffalo test process sight solution mystery undo denial giant	alley human program merge affair oblige relax mule bar tattoo kid winner
cricket remind glass turn news anchor width glow puzzle notice page industry	salmon topple two paper balance uncover peace slim silver endless admit whisper
legal leader asthma pumpkin garlic peanut rug small magic desert alert physical	solid fiction vote voyage elegant label fox electric filter job diagram defense
limit crack cherry cross six citizen repair smile social essence opinion hand	life street way lunch ticket cup chronic like ten envelope visual all
castle ranch ghost pair owner radar axis stem vocal buyer catch canoe	snake bread food slab height require olympic nature decide impose flee defy
forest south round coral warrior early ski prepare humble deer despair hybrid	shield dutch wisdom glance dumb cause budget coin brisk shallow country train
chief million indicate airport give gossip machine rate empty luggage fruit orphan	pepper usual glory joy excess crater horn police sting banana pattern toe
square tube improve mercy pact moon digital feature cat goat child leisure	cousin tackle orbit soda category attract dilemma blouse urban people write dirt
very unit wink income thought among fetch column kitten clinic dolphin cliff	material gorilla genuine olive cargo please boy want upon almost sorry always
casual beyond idle seek grant combine hope pulp great erode shrimp abuse	return bicycle camera sunset cabin excuse inch pluck season ocean sustain shine
room ball flower violin wine fossil disease student enroll assist produce thing	three capable flush general pole ordinary reject acid use funny below pond
theory random mention together climb trim crew supply knock stone until cook	census garage aim certain little verb visit talent chat sentence hungry pitch
equal insect chunk diary marriage yellow steel mistake since proof this front	that tank swallow anxiety soft hobby nephew blue fortune arrow tunnel upper
enable giraffe maid concert slender wasp catalog twice ridge kidney time jeans	orchard supreme injury mass recipe ginger spice river absorb survey race share
dragon regret rubber rain spin basket long profit meadow abandon wrong harvest	finish fancy confirm achieve awake device shoulder rebuild teach record symbol border

cry unknown silent interest tide glare unhappy blush gallery welcome exit napkin	snap drive ancient simple skirt found entry secret liar palm claw kick
able old capital item edge monster never you next trap crime skate	glad twist ignore myself else surround fluid timber cheap father enter develop
mom hover lift suggest typical innocent quick desk unique clay afford drum	minor hawk scrub sauce inner zoo elevator fever source try oven toast
refuse twin tent recycle cute virus deputy target model raven clarify galaxy	sand rely toddler sign above velvet oval wide faith gloom scout tiger
stereo bunker vessel travel rally dog pause service speed under permit will	donkey clever steak urge motor cabbage siege offer face flash online tilt
best load reopen brick penalty mean weasel young rough jump female romance	mandate lava valve priority bargain link spare feed kite immense heavy public
move fire clerk kiss rail egg jealous flat team animal gasp much	flip short matrix sort rude edit sister smooth duck trade cash junk
inhale carbon radio blossom forget comfort crash render worry expire pink purse	daring silly brain beauty project inside maple sheriff series slot cushion flavor
one garbage calm match soup mouse decrease protect gold build company today	robust damage belt west saddle girl provide grape message express menu boost
motion course shadow consider idea album dust credit veteran clip athlete guide	discover real frequent bottom there book mixture drip measure school maze hospital
average swamp fashion help road parent begin tonight stairs good cereal execute	meat property space soul advice resist employ crane scatter quit forum visa
fame mutual argue coffee explain right level pipe liquid water witness impact	shock picture allow neglect piece spread phrase hunt clown tomorrow blood follow
body vanish spoon acoustic junior save vehicle act cupboard feel duty bracket	spoil cradle embrace success wood later gesture tape bus either evidence emerge
invest soldier rib apart loyal hockey lumber lady switch rocket crystal exile	truly antique eternal faint tuna story brush valid royal globe walnut ribbon
craft emotion gain hood tree omit mind keen manage gift quarter surface	neutral toilet mix east choose modify enlist warfare rifle shaft base sniff
frown amateur night walk moment avoid bean crouch scorpion strike alien sugar	divert echo obey sleep crush bitter ice sock weird virtual cotton hen
decorate stumble vibrant eyebrow crumble direct village come town poet heart tortoise	twenty illness swing lawsuit soon estate shed perfect mechanic cube panic foster
into frame payment dinner dove peasant deny predict gadget swear sudden wolf	hair wrap order any lemon wheel ask atom mango ostrich health plate
beef select cake place smart trash muscle tribe trigger air crisp excite	around sing sure answer sword define double effort nominee isolate wall dawn
strategy farm believe lazy pave giggle about frog region various element address	culture path join economy expose prize pyramid fresh film spirit blind pony
such observe sun arm live hundred then prefer morning large vital cluster	illegal orange brave doll tooth champion fan weather hat day purchase chalk
alone foil minimum open riot wheat used renew hero subway alarm uniform	update roast evoke winter segment original maximum civil clog end burden promote
treat onion core floor bind bleak cement hedgehog planet fury table rather	rescue close struggle waste robot crop goddess void festival raccoon metal boat

size pottery grass coconut drop spider rookie business ring behind century bike	off script fog false cruel lawn prison scare wave task step receive
view garment occur bonus sunny mail pet math invite rapid flight enrich	earn loan leaf network tobacco embody burger valley better shop huge gym
fat outer circle force neither domain torch inquiry cage tongue midnight endorse	remember purity hill flag disagree pelican dinosaur afraid potato burst unfair age
portion moral syrup trophy city latin uphold ladder gospel van thumb differ	primary quote wool group miracle current play swim vendor find piano vapor
nose grain copper throw exhaust jungle area only borrow upgrade eye ability	symptom genre tag jelly hidden enforce happy milk strong devote shove verify
lizard taste inform museum reveal attend apple canal family elder often loud	box foam canyon joke fringe ketchup woman dish tip pull submit imitate
session erase hip board spray make half hurry avocado situate fade inherit	demise fatigue tray rent squeeze lab amount pudding battle mirror busy elephant
engage tumble sponsor upset viable bulk involve identify figure gentle sphere unaware	toss sadness furnace quality silk charge decade volcano hold rabbit arctic fiscal
assume amused analyst orient cigar outside oil casino cloth lottery boil glove	prosper diesel blade rare candy stage lion humor bounce kitchen dizzy field
same truth question clean rotate broken creek evolve fatal say deal normal	solar chapter autumn art arch scan obtain recall tomato wise aware unfold
card ramp collect state person fit convince possible hole essay blur lamp	notable sausage crowd eight fitness enemy still stock indoor mother easy expect
tennis depend away alcohol eagle plunge video hammer fly game episode key	seat surge audit destroy praise appear term melt crawl top neck eager
wet absent pencil tiny myth pretty trick brass change parrot announce doctor	skull clap derive harsh rival curious chimney approve wonder divorce couple minute
result copy laptop love bullet benefit crazy bridge deposit drama access corn	warm gun balcony response october blanket exact chest friend buddy caught replace
pupil wife image unable present total ethics name engine inspire start what	check design luxury novel unusual tell puppy laundry mansion thrive annual celery
side polar bachelor seven smoke marine increase color merry satoshi dismiss gown	infant number super anger wage bone quantum pen fault describe glide nurse
special ritual noodle drink fold dream trumpet enact fork post december pistol	squirrel icon library poem useless assault rural hazard object theme reward wire
reason type frozen hub monitor shrug slow trial february report flame hurdle	route client ship curve carry ecology donor nice photo sport degree popular
rigid note tired lounge dose volume wreck diamond title extra display awkward	barrel topic embark month asset power bright cheese purpose rice insane door
noble ready slide awful final market fish elbow detect spend lake bacon	turtle honey salute first main accident adjust account pool jazz snow science
spot ride boss nuclear wild work nasty arrest win tissue detail exotic	energy absurd mammal cannon run knife vault butter spawn expand exist auction
method search jar debate oxygen coil couch seminar glimpse grit limb worth	they weekend artist august erosion armor hard lecture earth lyrics brief retreat
judge alpha aisle thank solve case exchange satisfy merit chuckle vintage nation	yard kingdom exhibit nothing island legend universe home fantasy dad because nerve

narrow master salad basic suspect initial member bubble coyote hour safe beach	depth zone pulse panther arrive venue famous era betray dignity cover april
have palace text congress spike toward gate clump wait disorder major inmate	daughter inject aunt slice office thunder exercise guilt problem awesome pear grid
example issue slam mad vacuum organ boring grocery useful window tragic spring	caution govern picnic price hurt transfer intact reunion breeze leopard cycle conduct
harbor private before lock amazing rule favorite patch lucky also layer armed	accuse guitar auto blame shoe ripple patrol cream loop scissors regular naive
mushroom depart section host point labor federal agree sea skill advance stick	taxi chase danger aspect youth cancel more diet helmet salon position badge
agent sick again comic impulse gap mixed arrange baby chicken angry snack	bamboo wish draft light pledge once stool tower powder whip install captain
adapt put vacant bid umbrella sweet arena settle leg lesson become tenant	chef dynamic include oak traffic erupt already cinnamon habit mobile barely other
muffin second shift abstract cost screen subject demand senior trend forward scale	kit decline wrestle ahead skin click clutch sample razor sell error cattle
vivid nest holiday march kiwi quiz buzz must hello birth slush repeat	swift ozone stable north memory distance extend sail someone oppose actual dwarf
easily fragile shoot raise shuffle index mesh setup tuition hire lunar across	reflect stamp can banner gas similar vague raw cactus push panel phone
control stove print retire range web bronze net dune attack fiber dial	jewel zebra artwork elite manual remain entire version left margin shy reduce
divide split donate finger soccer bulb drill pioneer weapon genius voice stuff	fun fine fabric dice angle bench between token practice obscure firm unveil
gather car security near journey frost coach grace during remove suffer length	shell turkey antenna enhance curtain leave stadium list choice bless sense future
fuel pass coast brand over pizza hotel marble black focus whale horror	trouble canvas relief parade suit author fall file logic misery stay surprise
victory obvious noise output middle chair trip empower mosquito risk ceiling miss	aerobic know mimic pride resource few rebel venture knee monkey common panda
shiver draw document critic rhythm proud ensure brown music carpet gauge slight	head bird faculty scene churn license liberty unlock slogan swap hint dentist
inflict word apology scheme custom just pigeon outdoor bring system mountain add	keep swarm law ugly crunch camp opera horse high acquire sibling trust
hamster deliver jaguar style drift utility toy runway injury object worth route	