



CRYPTO 101

There's been much talk lately about cryptocurrency such as Bitcoin, Ethereum and 6,700 similar products. To some it's intriguing. To others, perplexing. One thing is certain: it's sporting very high numbers — about \$2 trillion in collective value.

- **What is cryptocurrency?** Think of it as a non-government form of digital cash for electronic payments. Unlike, say, credit cards, which are tied to fiat currencies managed by central banks, crypto exists only in cyberspace, specifically through a peer-to-peer technology known as blockchain (a secure series of transaction files linked like a freight train).
- **How is it created?** Computer operators — known as miners — race to the solution of a complicated math problem to create every new cryptocurrency. The computing power needed to run cryptocurrency uses as much energy each year as the nation of Greece.
- **How is it valued?** A combination of scarcity and the belief among users that it has intrinsic worth — not unlike baseball cards. It gains further perceived value because it can be an anonymous means of payment, has strong cryptology, is outside of government control or is thought of as a hedge against inflation.
- **How is obtained?** Full or fractions directly on crypto exchanges, crypto brokerage platforms or crypto kiosks.
- **Who regulates it?** A consensus of the digital community according to guidelines of the community.
- **Is it taxable?** The IRS treats cryptocurrency as property. Transactions are taxable whenever a taxable event occurs, such as trading for fiat currency or a currency-based asset. The Treasury Department is considering requiring crypto transactions of \$10,000 or greater to be reported to the IRS, but there's no proposal yet.
- **Are there risks?** Yes. Among them: High volatility, liquidity, regulation (or lack thereof), pricing variability, cybercrime. It generally is considered a significantly speculative investment, though does have its notable adherents.

TAX TIP

When you install certain renewable energy sources in your home, you can claim the Residential Energy-Efficient Property Credit. It is worth up to 26 percent of the cost (plus will save you money on utilities). You can find information from the IRS [here](#).

GIVING

Once again, Americans have proven their generosity. They gave a record \$471.44 billion in philanthropy in 2020, according to the recently released *Giving USA*. That's up 5.1 percent from \$448.66 billion in 2019 (3.8 percent when adjusted for inflation).

WHO KNEW?

The Continental Currency dollar was the first pattern coin struck for the United States. It was minted in 1776, mostly of pewter. Ben Franklin designed it. The coin contained the slogan, "Mind Your Business." Good advice then and now.

IN THE MARKET

NASDAQ, created in 1971 and focusing on OTC stocks, was the first electronic stock exchange. It has no trading floor. NASDAQ stands for "National Association of Securities Dealers Automated Quotation." It trades more than 3,300 securities.