



## Taking a Closer Look at Cryptocurrency

What do you know about cryptocurrency? Though it's a hot topic much discussed by some investors, this relatively new digital currency remains potentially confusing.

Gain a clearer understanding of Bitcoin and other types of cryptocurrency with these frequently asked questions.

### What is cryptocurrency?

Cryptocurrency, often shortened to just "crypto," is a type of unregulated virtual currency. It works with the help of blockchain technology, a distributed network with immutable records. The data electronically entered into a blockchain database, such as a cryptocurrency transaction, is permanently recorded. Many people value crypto for its secure encryption and decentralized nature.

### What kinds of cryptocurrency are there?

Bitcoin is usually the first name you will hear associated with cryptocurrency. It was the first cryptocurrency to leverage blockchain, but today, people trade thousands of different types of crypto. Ethereum is another type of popular, highly traded cryptocurrency.

### Why is it so volatile?

Cryptocurrency is considered to be a volatile, high-risk investment. The value of various cryptocurrencies can rise and fall dramatically over short periods of time.

Cryptocurrency value is largely determined by supply and demand. Factors like public perception and security breaches can play into crypto's volatility.

### What should people know if they're thinking about investing?

When considering an investment in cryptocurrency, individuals should be well aware of the following:

- It is high-risk and speculative in nature

- Cryptocurrency is not immune to data breaches and theft

## How is cryptocurrency taxed?

Earnings on cryptocurrency are [subject to tax](#). If you do not sell any of your cryptocurrency, you will likely not owe anything in taxes. But, once you sell and realize gains from your investment, those earnings are subject to capital gains taxes.

Do you have any questions we can help with? Reach out anytime.

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We thank you for your business & most recent consideration.*



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