



Crypto Pains, Capital Losses

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There are two kinds of investors in this world. One kind looks at cryptocurrencies, and wonders who would invest in something that is just kind of made up in the spooky interiors of computers interconnected through something called the blockchain. The other kind have put their money into the alternative coins and are now wishing they hadn't.

Bitcoin, the leading cryptocurrency (comprising 68% of all crypto assets), has lost about 60% of its value so far this year, and is heading into a month (September) where it has historically delivered negative returns of (on average) 8.5%. Meanwhile, Ethereum is enjoying a brief surge, in anticipation of moving its blockchain from a system of using 'miners,' to a system of using 'staked' coins. (Crypto staking involves locking up a portion of your cryptocurrency holdings for a period of time and being rewarded with additional coins or tokens.)

There is, however, one bright spot to this otherwise-awful investment situation: currently, there is no wash-sale rule for crypto holdings. That means that Bitcoin (and other crypto holdings) can be sold today and repurchased tomorrow, and the loss can be declared as a capital loss on tax returns.

Sources:

<https://www.advisorperspectives.com/articles/2022/08/31/crypto-fans-gear-up-for-what-may-be-another-tough-september>

<https://www.businessinsider.com/personal-finance/staking-crypto#:~:text=Crypto%20staking%20involves%20%22locking%20up,of%20additional%20coins%20or%20tokens.>

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<https://www.marketwatch.com/story/add-to-a-rough-year-for-bitcoin-and-other-cryptocurrency-irs-proposes-new-question-about-your-digital-assets-11662037573>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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Jeffrey Broadhurst
MBA, CFA, CFP
Broadhurst Financial Advisors, Inc.



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Our physical and mail address:

1911 West Point Pike
P.O. Box 301
West Point, PA 19486-0301

Contact us:

Phone: (215) 325-1595
Email: jeff@broadhurstfinancial.com