

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



### Buying Cryptocurrency 101

By [www.ProfitableInvestingTips.com](http://www.ProfitableInvestingTips.com)

Cryptocurrencies have been with us since 2009 when Bitcoin was introduced. A cryptocurrency can be bought and sold via the internet using a decentralized network. It is an efficient way to transfer money and to hold wealth outside of the system of fiat currencies, precious metals, and property. Although Bitcoin was the only cryptocurrency to begin with, by 2020 there are more than 6,000 cryptocurrencies. The value of various cryptocurrencies has gone up substantially over the years and at times has fluctuated widely. It can be hard to get a handle on all of this, how to buy, what to buy, and when to avoid cryptocurrencies completely. Here we present a brief explanation of what you need to know, Buying Cryptocurrencies 101.

### Buy Cryptocurrency Without Bitcoin

Although Bitcoin is the oldest and best known cryptocurrency, there are many (more than 6,000) different cryptocurrencies. Unfortunately, there have been cryptocurrencies that have appeared and disappeared as their exchanges were hacked or simply mismanaged. Thus most who buy cryptocurrencies stick with the larger and better run exchanges and types. Here are the ten most popular if you would like to buy cryptocurrency without Bitcoin.

*Ethereum*

*Ripple*

*Litecoin*

*Tether*

*Bitcoin Cash*

*Libra*

*Monero*

*EOS*

*Bitcoin SV*

*Binance Coin*

Each of these alternatives to Bitcoin has its pros and cons but all appear to be safe bets if you want to purchase cryptocurrencies and not have your wealth stolen overnight.

### Challenges Facing Cryptocurrency

As cryptocurrencies have become increasingly popular, they have attracted the attention of regulators and law enforcement. Because monetary value is transferred via cryptocurrencies outside of the banking system and normal money transfer channels it has been used to move illegally gotten, intended, or hidden wealth (drug money, funding of terrorists, not paying taxes, etc.). Cryptocurrency exchanges in the USA now need to report

to the IRS (IRS Form 8949, Schedule D). The main issue for those holding wealth in cryptocurrencies is security. Too many exchanges have folded, taking millions with them due to hacking or outright theft. And, unlike a US bank account, your money is not insured by anyone! Smart investors tend to stick with the best known and best run exchanges and cryptocurrencies to avoid losses.

## Chart of Cryptocurrency Prices

Aside from the ease of transferring money with cryptocurrencies, an attractive feature is the prospect of the value of your Bitcoin or other cryptocurrency going up substantially. Here is a chart of cryptocurrency prices.

Bitcoin price at the far left in 2009 is \$1 and the price in August 2020 is more than \$12,000. As the chart shows, the cryptocurrency experienced a huge boom and bust from September 2017 to January 2018. It is going up again in response to the uncertainty generated by the current [Covid-19 pandemic](#) and its effects on global economies.

## Breakout Cryptocurrency

Folks who want to speculate in cryptocurrencies can time their purchases to take advantage of changes in the global economy and specific events that drive fiat currencies down. Or they can look for a specific breakout cryptocurrency, which is typically a new one that gets a lot of attention. *Forbes* wrote about one particular [breakout cryptocurrency](#) earlier this year.

*While bitcoin, the world's original and most valuable cryptocurrency, has risen almost three-fold over the last 12 months, tezos has rallied some 400%, climbing from under \$0.40 per tezos token in February 2019 to just over \$2 today.*

Thus, newness can lead to at least temporary popularity and a surge in price of a new breakout cryptocurrency.

## Bullion Cryptocurrency

When the economy suffers and fiat currency values drop, both gold and cryptocurrencies go up. For those who would like to take advantage of this, it is possible to buy a bullion cryptocurrency. In fact, Bullion is the name of a cryptocurrency that is based on gold bullion and not the US dollar. This exchange has been in existence since 2013 and is promoted as an “ideal storage of wealth.” Thus, it is unlike Bitcoin and others which can grow wealth, or lose it, and are promoted as ideal ways to hold and exchange wealth. This bullion cryptocurrency is meant as a long term investment.

## Buy Cryptocurrency Penny Stocks

The investment community has ongoing concerns about the boom and bust quality of cryptocurrencies and the fact that there is nothing backing the currency. However, they are excited about the blockchain technology that underlies and many buy cryptocurrency penny stocks hoping to get in on the ground floor of big price surge or capitalize on a company's important position in the technology that drives cryptocurrencies. Examples include Marathon Patent Group (MARA), Riot Blockchain, Inc. (RIOT), MGT Capital Investments, Inc. (MGTI), and DPW Holdings, Inc. (DPW) which are newer companies.

Many investors purchase stocks and other investments for their children or others. Buying cryptocurrency for someone else is typically done by making the purchase yourself and then sending to the other person's account. Coinbase facilitates these sorts of purchase and transfer operations as do some other exchanges. This

can be done as a gift or to start one of your kids out on the road to investing. Because cryptocurrency profits are now taxed in the USA, it may be to your advantage to gift to your children to be used for college or simply to make a wealth transfer far in advance of your death. To make sure that you do this correctly, check with a tax advisor who understands cryptocurrencies.

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