

Cryptocurrency: What If Your Clients Own It and You Don't Think They Should?



Most advisors exercise extra caution when advising clients about cryptocurrency. Indeed, 68% of investment fund executives surveyed [do not believe](#) it is a good idea for their clients to own cryptocurrency in the first place. Still, according to [some sources](#), 43% of clients hold cryptocurrency in their portfolios.

If you're among the advisors who routinely caution clients about investing in cryptocurrency, what is the best way to navigate conversations with clients who are among the 43% who already own it?

In a case like this, consider talking with your client about giving cryptocurrency to a family fund at the Chester County Community Foundation or other public charity. Gifts of cryptocurrency are similar to gifts of other highly-appreciated assets, including the documentation required to substantiate value. Be aware, though, that the IRS is watching cryptocurrency closely and considers it an area of potential underreporting and abuse. Recently, for example, for the very first time the IRS has [targeted](#) a cryptocurrency trading platform with a subpoena-like process to gather information about possible abusive transactions.

As cryptocurrencies' profiles rise in the marketplace, the team at the Chester County Community Foundation is happy to work with you to evaluate whether charitable giving strategies could be a tax-savvy option for your community-minded clients to exit the cryptocurrency market and simultaneously support their philanthropic goals.

For more information, contact the Chester County Community Foundation:

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The team at the Chester County Community Foundation is a resource and sounding board as you serve your philanthropic clients. We understand the charitable side of the equation and are happy to serve as a secondary source as you manage the primary relationship with your clients. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice.