

CRYPTOCURRENCY FUNDAMENTALS

A Beginner's Guide to
Building Generational Wealth



KENSON



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Cryptocurrency Fundamentals

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Generational Wealth**



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Introduction

When a family has enough money, assets, or property that they can pass down from one generation to the next, that's the beginning of something powerful. Essentially, it is a bridge between the past and the future, creating a flow of prosperity that keeps going even as the family grows and changes. This is called generational wealth.

Generational wealth can take many forms. Some families have real estate or family businesses. Others build up a stock portfolio or put money into trust funds for their kids and grandkids. Some people even use cryptocurrencies as part of their strategy to build generational wealth.

This kind of wealth does more than just make life a little easier. It can open doors to education, support new business ventures, or provide a safety net during tough times. But the impact goes beyond dollars and cents. Families with generational wealth often share knowledge, stories, and values that help guide future generations. This wisdom can be as important as the wealth itself, teaching younger family members how to manage money, take risks, and give back.

But building generational wealth isn't simple. It takes careful planning, patience, and the ability to look ahead.

Importance of Financial Education for Building Generational Wealth

Financial education is a crucial element for building generational wealth. It's the foundation upon which families can create, maintain, and grow their assets over time. Without it, even significant wealth can be squandered or lost due to poor decision-making, mismanagement, or lack of knowledge.



It essentially empowers you with the knowledge you need to make informed decisions about your money. This includes understanding budgeting, investing, taxes, debt management, and retirement planning.

You see, mistakes can be costly, especially when dealing with large sums of money or significant assets. Financial education helps to reduce the risks of these mistakes by providing guidance on what to avoid. It can also illuminate common pitfalls, such as excessive debt, high-risk investments, or insufficient savings.

More importantly, generational wealth requires a long-term perspective. Financial education encourages this mindset by teaching the importance of planning for the future, saving for big goals, and considering the needs of future generations.

But above all else, financial education isn't just for one person—it's for the entire family. Each member can contribute to the overall success and sustainability of generational wealth when they have financial literacy.

Understanding Cryptocurrency

Cryptocurrency has gained popularity over the past decade, offering new opportunities for investment and wealth creation. But what exactly is cryptocurrency?

Cryptocurrency is a type of digital money that exists only in the virtual world. Unlike the cash in your wallet or the money in your bank account, cryptocurrencies are not issued or controlled by any government or central bank. Instead, they are created and managed through a technology called blockchain.

When you own cryptocurrency, you basically own a unique digital code that represents a certain amount of value. You can use this code to buy things, send money to others, or even invest in different projects.

Bitcoin is probably the most famous cryptocurrency, often called "digital gold," because it's limited in supply and has become valuable over time. However, there are many other cryptocurrencies, like Ethereum, which has its own blockchain designed for building applications and smart contracts. Some cryptocurrencies are used for specific purposes, while others are more general and can be used like regular money.

One of the things that makes cryptocurrency so interesting is that it's decentralized. This means that, unlike a bank, there's no single authority that controls everything. Instead, the system is maintained by a network of computers all over the world, working together to ensure transactions are secure and transparent.

However, cryptocurrency isn't all sunshine and rainbows. It's known for its wild price swings—one day it's up, the

next day, it's down. The volatility can be exciting for investors but also risky at the same time, especially for those who aren't used to it.

Key Concepts in Cryptocurrency

Before proceeding any further, it's important to grasp the basics of crypto. Here are some key concepts you should be aware of:

Blockchain

Blockchain is the foundational technology behind cryptocurrencies. It's a decentralized, distributed ledger that records all transactions in a secure and transparent manner. Think of it as a chain of blocks, where each block contains a list of transactions. Once a block is added to the chain, it can't be altered, ensuring the integrity of the data.

Decentralization

Decentralization means that there is no central authority or control over the system. Instead, cryptocurrencies operate on a network of nodes (computers) that maintain the blockchain. This structure reduces the risk of a single point of failure and increases security by spreading out control.

Cryptography

Cryptography is the science of secure communication. In crypto, it is used to protect transactions, secure wallets, and validate ownership. Public key cryptography is a common method, where each user has a public key (visible to everyone) and a private key (kept secret). The private key is used to sign transactions, proving ownership and authenticity.

Mining

Mining is the process by which new blocks are added to the blockchain. It involves solving complex mathematical

problems to validate transactions. Miners who successfully solve these problems are rewarded with new cryptocurrency tokens and transaction fees. This process ensures the security and stability of the blockchain.

Wallets

A crypto wallet is a digital tool that allows users to store, send, and receive cryptocurrencies. There are different types of wallets, including software wallets (on your computer or phone), hardware wallets (physical devices), and paper wallets (printed keys). Wallets hold your private keys, so keeping them secure is crucial.

Tokens and Coins

While "cryptocurrency" is a broad term, it's important to distinguish between tokens and coins. Coins are native to their own blockchains, like Bitcoin and Ethereum. Tokens, on the other hand, are built on existing blockchains and can represent a wide range of assets, from digital currencies to utility tokens used in specific applications.

Smart Contracts

Smart contracts are self-executing contracts with the terms directly written into code. They automatically execute when certain conditions are met. Ethereum is known for its smart contract functionality, which allows developers to create decentralized applications (dApps) that operate without human intervention.

Initial Coin Offerings (ICOs) and Token Sales

An Initial Coin Offering (ICO) is a fundraising method used by startups and projects to raise capital by selling tokens to investors. These tokens can represent ownership, utility, or other rights within a specific ecosystem.

Volatility

Volatility refers to the rapid and significant price fluctuations in the cryptocurrency market. While this can lead to high returns, it also increases risk and uncertainty. Understanding and managing this volatility is crucial for anyone investing in crypto.

Pros and Cons of Investing in Cryptocurrency

The potential for high returns and the allure of new technology have made crypto increasingly popular in today's world. But just like every other investment opportunity, it also comes with significant risks. Here are some pros and cons of investing in crypto:

Pros

High Return Potential

Cryptocurrencies, like Bitcoin and Ethereum, have seen tremendous growth in recent years, offering investors the potential for significant returns. Some early adopters have made substantial profits, which attracts those looking for lucrative investment opportunities.

Diversification

Cryptocurrencies can provide diversification to an investment portfolio. They often behave differently from traditional assets like stocks and bonds, which can help reduce overall risk. Adding crypto to a portfolio can create a broader spread of assets, potentially balancing risk and return.

Accessibility and Liquidity

Cryptocurrencies are accessible to anyone with an internet connection, offering a way to invest without the need for traditional intermediaries like banks. Many

cryptocurrencies can be bought, sold, or traded 24/7, providing liquidity and flexibility for investors.

Decentralization and Security

The decentralized nature of cryptocurrencies appeals to those who prefer a system not controlled by central authorities. Blockchain technology, which underpins most cryptocurrencies, offers a high level of security through encryption and distributed consensus. This can reduce the risk of fraud and tampering.

Innovation and Technology

Investing in cryptocurrency can be a way to support innovative technology. Blockchain and related technologies are used for more than just digital currencies; they also enable smart contracts, decentralized finance (DeFi), and other emerging applications.

Cons

High Volatility

The same volatility that creates high return potential can also lead to significant losses. Cryptocurrency prices can fluctuate dramatically within short periods, making them risky investments. If you aren't comfortable with uncertainty or rapid price changes, crypto might not be a good investment option for you.

Regulatory Uncertainty

Cryptocurrencies operate in a relatively new and evolving regulatory environment. Governments and regulatory bodies are still defining how to approach crypto, which can lead to uncertainty and risk for investors. Changes in regulations can impact the value and legality of certain cryptocurrencies.

Security Risks

While blockchain technology offers security, individual investors can face risks like hacking, phishing, or losing access to their digital wallets.

Lack of Consumer Protection

Unlike traditional financial systems, cryptocurrencies often lack consumer protections. There is no central authority to turn to if something goes wrong, which can leave you vulnerable in cases of fraud, theft, or errors.

Complexity and Learning Curve

Cryptocurrencies involve complex concepts and technology. Understanding blockchain, wallets, keys, and trading platforms requires a learning curve. This complexity can be daunting for newcomers, leading to mistakes or poor investment decisions.

Is Cryptocurrency the Right Choice for Building Generational Wealth?

Building generational wealth is about creating a legacy that benefits not just you, but your children and grandchildren. It's the process of laying a financial foundation that can support future generations. But is cryptocurrency the right choice for this long-term goal?

Well, there is no right or wrong here. Imagine buying a few bitcoins years ago, when they were worth just a few dollars, and watching them skyrocket to thousands of dollars each. That kind of growth can be incredibly appealing to anyone looking to build wealth that lasts.

But there's a flip side to this coin. The value of a cryptocurrency can soar one day and plummet the next. This unpredictability makes it risky, especially if you're counting on crypto to build a stable financial future for



your family. It's like building a house on sand—the ground could shift at any moment, making it challenging to create a solid structure.

So, is cryptocurrency the right choice for building generational wealth? It can be part of the strategy, but it's best not to put all your eggs in one basket. Consider balancing crypto with more traditional investments like real estate, stocks, or bonds. This way, you can take advantage of the growth potential of cryptocurrency while also having a stable foundation to fall back on.

Getting Started with Crypto

Now that you have become familiar with the key concepts pertaining to crypto, let's see how you can get started.

Choosing Between a Broker and Crypto Exchange

When starting out with crypto, one of the first steps is choosing between a broker and a crypto exchange. Both offer pathways to buying, selling, and trading cryptocurrencies, but they work in slightly different ways. Let's break down what each is and how they can help you enter the world of crypto.

A crypto exchange is an online platform where you can trade cryptocurrencies directly with other users. Think of it as a digital marketplace where buyers and sellers come together to make transactions. Exchanges are typically decentralized, which means they don't rely on a central authority to manage trades. This can offer more control and flexibility, but it also requires you to handle the process yourself. When you use an exchange, you're responsible for finding buyers or sellers and deciding when to make a trade. This approach can be exciting because it gives you more freedom, but it also means you're on your own when it comes to managing the risks and complexities of the crypto market.

On the other hand, a broker serves as an intermediary between you and the exchange. Brokers often use user-friendly interfaces that interact with multiple exchanges on your behalf. This setup can make it easier to trade cryptocurrencies, especially if you're new to the process. With a broker, you don't have to worry about finding buyers or sellers; the broker does that for you. They handle the details of the transaction so you can focus on other

things. This can be a convenient option if you want to invest in crypto without getting too deep into the technical aspects of trading.

Choosing between an exchange and a broker depends on your level of experience and comfort with the crypto market. If you're confident in your ability to navigate the complexities of trading, an exchange can be a great option. It offers more control and the opportunity to learn about the crypto ecosystem. However, if you're new to cryptocurrency or prefer a simpler approach, a broker might be a better fit. Brokers can help you avoid some of the risks and provide a more guided experience.

When deciding which path to take, consider factors like security, fees, and customer support. Exchanges and brokers often have different fee structures, so it's important to understand how much you'll be charged for each transaction. Security is another critical factor; look for platforms with robust security measures to protect your assets. Finally, consider customer support — if you have questions or run into issues, having a responsive support team can make a big difference.

Create and Fund Your Account

Once you've selected a broker or a crypto exchange, the next step is to open an account. The process is usually straightforward but does require some preparation. Here's what to expect and how to get started.

To open an account, you'll first need to visit the broker's or exchange's website or download their app. Look for the "Sign Up" or "Create Account" button to begin. Most platforms will ask for basic information like your name, email address, and password. Choosing a strong password

to keep your account secure is crucial — consider using a mix of letters, numbers, and special characters.

Next, you'll likely need to verify your identity. This is a standard security measure to ensure that you are who you say you are. Many brokers and exchanges comply with "Know Your Customer" (KYC) regulations, which help prevent fraud and ensure safe trading. To verify your identity, you might need to provide a government-issued ID, like a driver's license or passport. Some platforms also require additional information, such as your address and a selfie for facial recognition.

Once you've verified your identity, it's time to fund your account. Most brokers and exchanges offer several funding methods, including bank transfers, credit or debit cards, and sometimes even other cryptocurrencies. Bank transfers are common, but they can take a few days to clear, so be patient if the funds don't appear immediately. Credit or debit cards are usually quicker, but they might come with higher fees. It's a good idea to check the platform's fee structure before choosing your funding method.

After funding your account, you can start trading or investing in cryptocurrencies. This is where the excitement begins. You can buy and sell different cryptocurrencies, keep track of your portfolio, and even explore advanced trading options if you're interested.

One important tip is to enable two-factor authentication (2FA) on your account. This adds an extra layer of security by requiring a second form of verification, such as a code sent to your phone, whenever you log in or make a transaction. 2FA can help protect your account from unauthorized access and is highly recommended.

Buy Cryptocurrency

Once your cryptocurrency account is set up, verified, and funded, you're ready to make your first purchase.

You'll find a wide range of cryptocurrencies to choose from. Some of the most popular options include Bitcoin (BTC), Ethereum (ETH), and Dogecoin (DOGE).

Each of these has its own unique characteristics and appeal. For instance, Bitcoin is often seen as a digital equivalent of gold, while Ethereum is known for its smart contract functionality. Dogecoin, which started as a joke, has gained a strong following due to its community and accessibility.

To make a purchase, you'll need to enter the cryptocurrency's ticker symbol and the amount you wish to buy. The ticker symbol is a short code that represents each cryptocurrency. For example, Bitcoin's symbol is BTC, while Ethereum's is ETH. You'll use these symbols to identify which cryptocurrency you're interested in purchasing. Alongside the ticker symbol, you'll enter the amount you want to invest. One of the great things about crypto is that you can buy as much or as little as you'd like—there's no need to purchase a whole Bitcoin or Ethereum token. You can start with a fraction, making it accessible for all budgets.

As you enter your order, keep in mind that cryptocurrency prices can fluctuate rapidly. Before confirming your purchase, double-check the current price and ensure you're comfortable with the amount you're investing. It's also a good idea to review any fees associated with the transaction, as these can vary between brokers and exchanges.

Once you've placed your order, the platform will process your purchase, and you'll see your newly acquired cryptocurrency in your account. This is when you officially become a crypto owner, and you can begin monitoring your investment, exploring other cryptocurrencies, or even trading if you're interested.

Finally, as you continue your journey in cryptocurrency, consider diversifying your investments. While Bitcoin and Ethereum are popular choices, there are many other cryptocurrencies with unique use cases and growth potential. Some, like Tether (USDT) and USD Coin (USDC), are stablecoins designed to maintain a stable value, providing a safe haven during market turbulence. Others, like Uniswap (UNI), are linked to decentralized finance (DeFi) platforms, offering opportunities for yield and liquidity.

Choose a Suitable Storage Method

After you've purchased your cryptocurrency, the next step is deciding where to store it. This is crucial because the security of your crypto assets depends on the type of wallet you choose.

There are two main types of crypto wallets: hot wallets and cold wallets. Each has its own advantages and risks, so let's explore them in detail.

Hot Wallet

A hot wallet is a type of crypto wallet that stores your cryptocurrency online. This makes it easy to access your funds from a computer, smartphone, or tablet. Hot wallets are convenient because you can quickly check your balance, make transactions, and manage your assets without any additional hardware. The ease of use makes

them popular among people who actively trade or use cryptocurrency regularly.

However, because hot wallets are connected to the internet, they come with a higher security risk. Since they're online, they are more susceptible to cyber-attacks, hacking, and phishing schemes. If someone gains unauthorized access to your hot wallet, they could potentially steal your cryptocurrencies. To mitigate this risk, it's important to use strong passwords, enable two-factor authentication (2FA), and keep your wallet software up to date.

Popular examples of hot wallets include software wallets, which are applications or browser extensions, and web-based wallets provided by exchanges or brokers. If you use a hot wallet, always ensure it's from a reputable source and take precautions to safeguard your account.

Cold Wallet

Unlike hot wallets, cold wallets do not connect to the internet, which makes them inherently more secure because there's no online exposure. A cold wallet is typically a physical device, like a USB drive or an external hard drive, where you store your cryptocurrency offline. Because cold wallets are disconnected from the internet, they are much less vulnerable to cyber-attacks or hacking attempts.

When you set up a cold wallet, you'll receive a keycode or a recovery phrase to access your wallet. This keycode is like a master key that unlocks your crypto. It's crucial to keep it in a safe place because if you lose it, you may lose access to your cryptocurrency permanently. There's no central authority to recover it for you, so storing it securely is essential.

Cold wallets are ideal for long-term storage and for those who want to keep their assets safe from online threats. They are often recommended for people who hold large amounts of cryptocurrency or who plan to keep their assets for a long time without frequent trading. Examples of cold wallets include hardware wallets, like the Ledger Nano and Trezor, and paper wallets, which are physical pieces of paper with printed keycodes.

Building Generational Wealth with Crypto

Despite the risks, it is possible to build generational wealth with crypto if you approach it with careful planning and a balanced strategy. One of the appealing aspects of crypto is its potential to generate high returns. The dramatic price increases can turn early adopters into millionaires.

That said, here's how you can build generational wealth with crypto:

Educate Yourself

Educating yourself is the first step for building generational wealth with crypto. There are thousands of cryptocurrencies out there, each with its own purpose and community. Take the time to explore the most well-known cryptocurrencies and understand their unique features. This knowledge will help you make informed decisions about where to invest and what to watch out for.

Research different exchanges to understand their pros and cons. Some are better for beginners, while others cater to advanced traders. Similarly, learn about hot and cold wallets, and decide which type suits your needs.

Understanding these platforms is essential for safely managing your crypto assets.

More importantly, understand that the cryptocurrency market is constantly evolving, with new projects, technologies, and trends emerging all the time. To build generational wealth with crypto, stay informed about what's happening in the market. Follow reputable news sources, join online crypto communities, and participate in discussions. This will keep you updated on market

movements, regulatory changes, and emerging opportunities.

At the end of the day, remember that generational wealth isn't built overnight. It requires a long-term perspective and a strategic approach. As you educate yourself about crypto, start developing a strategy that aligns with your goals. Consider diversification, asset allocation, and risk management. Strategic thinking will help you create a robust plan for building and preserving wealth over time.

Invest for the Long-Term

Unlike short-term trading, which focuses on quick gains, long-term investing is about creating a lasting financial legacy. When you invest for the long term, you're not just thinking about the next few months or years — you're planning for decades, ensuring that your investment strategy can stand the test of time.

So, if you want to build generational wealth with crypto, invest for the long term.

Cryptocurrencies are known for their volatility. Prices can swing wildly in a short time, which makes short-term trading both exciting and risky. Long-term investing, on the other hand, is about weathering the ups and downs to achieve sustained growth over time. When you think long-term, you're not as concerned with daily price fluctuations; you're focused on the bigger picture.

By holding onto your investments through market cycles, you give them a chance to grow. Your patience can be rewarding, especially if you invest in cryptocurrencies with strong fundamentals and a solid use case.

But above all else, long-term investing requires discipline and commitment. It's easy to get caught up in the hype and noise of the crypto market, especially when prices are soaring or plunging. A long-term approach means sticking to your strategy even when emotions run high. Set clear investment goals, understand your risk tolerance, and resist the urge to make impulsive decisions based on market trends or peer pressure.

Reinvesting is another powerful tool for long-term growth. Instead of cashing out your gains, consider reinvesting them to take advantage of compounding. Compounding occurs when the returns on your investments generate additional returns, creating a snowball effect. Over time, this can lead to exponential growth, significantly contributing to your generational wealth-building strategy.

Investing for the long term also means keeping an eye on the future. As the crypto market evolves, new opportunities and technologies will emerge. Stay informed about these trends, which will allow you to adapt your strategy and seize new possibilities.

Diversify Your Portfolio

Diversifying your portfolio is always a smart strategy. It's the age-old advice of not putting all your eggs in one basket, applied to the modern world of digital currencies. By diversifying, you can reduce risk and increase the potential for long-term success.

Diversification in crypto starts with spreading your investments across different cryptocurrencies. Instead of concentrating all your assets in one coin, consider holding a mix of established and emerging cryptocurrencies. This practice helps reduce the impact of any single asset's price

volatility. If one cryptocurrency experiences a downturn, others might remain stable or even increase in value. The variety helps balance the risks inherent in the crypto market.

At the same time, it is important to remember that diversification isn't just about choosing different cryptocurrencies. To build generational wealth, consider exploring other asset classes as well. This could include traditional investments like stocks, bonds, and real estate. While these assets might not have the explosive growth potential of cryptocurrencies, they offer stability and reliability, which is crucial for long-term wealth building.

A well-diversified portfolio might have a core holding in cryptocurrencies, supplemented by other investments that provide a steady income or appreciate over time. Such an approach creates a solid financial foundation, allowing you to navigate market fluctuations without jeopardizing your long-term goals.

Stablecoins can also play a role in a diversified portfolio. These are cryptocurrencies designed to maintain a stable value, often pegged to a fiat currency like the US dollar. Examples include Tether (USDT) and USD Coin (USDC). Because they are stable, stablecoins can act as a safe harbor during times of high volatility. They can also be used for liquidity, allowing you to quickly move funds without converting to traditional currency. Including stablecoins in your portfolio can add an extra layer of security and flexibility.

Diversification also means staying flexible and adapting to market trends. The crypto world is constantly evolving, with new technologies and projects emerging all the time.

As you build generational wealth, be open to exploring these trends and adjusting your portfolio accordingly. This might mean adding new cryptocurrencies, exploring DeFi platforms, or considering blockchain-based projects with real-world applications.

Lastly, diversification isn't a one-time task; it requires continuous monitoring and rebalancing. As the value of different assets in your portfolio changes, you might need to adjust your holdings to maintain your desired level of diversification. It ensures that your portfolio remains aligned with your long-term goals and risk tolerance.

Practice Effective Risk Management

While cryptocurrencies offer significant gains, they also lead to steep losses. To ensure that your investment in crypto contributes to a lasting financial legacy, you must develop a risk management strategy that balances potential rewards with possible risks.

The first step in effective risk management is understanding the risks involved in investing in cryptocurrency. Unlike traditional assets, cryptocurrencies are subject to rapid price fluctuations, regulatory uncertainties, and security threats. The high level of risk can impact the value of your investments, making it essential to have a clear understanding of what you're getting into.

One of the most effective ways to manage risk is through diversification and asset allocation. As mentioned earlier, diversifying your portfolio across multiple cryptocurrencies and other asset classes helps spread risk. Not putting all your eggs in one basket reduces the impact of any asset's downturn.

Another important aspect of risk management is setting investment limits. Determine how much of your overall portfolio you want to allocate to cryptocurrencies and stick to it. It will help prevent overexposure to a single asset class. As a general rule, only invest what you can afford to lose. This mindset keeps you from risking your financial stability for the sake of high returns and ensures that your investment decisions line up with your long-term goals.

You can also consider using stop-loss orders. Stop-loss orders are a practical tool for managing risk in the crypto market. It automatically sells your cryptocurrency when it reaches a certain price, helping you limit potential losses. By setting stop-loss orders at a reasonable level, you can protect your investments from sudden downturns without constantly monitoring the market. This approach provides a safety net while allowing you to pursue long-term gains.

More importantly, focus on security. Security is a critical component of risk management in the crypto world. Use strong passwords, enable two-factor authentication (2FA), and choose reputable exchanges and wallets. Consider using cold wallets for long-term storage, as they are less susceptible to online attacks. Always be cautious of phishing attempts and other security threats, and educate yourself about best practices for safeguarding your crypto assets.

Finally, effective risk management means staying calm during periods of high volatility. Cryptocurrency markets can be unpredictable, and it's easy to make impulsive decisions when prices fluctuate. But, it is essential for you to maintain a long-term perspective and trust your risk management strategy to avoid emotional trading and focus on building generational wealth.

Consider Tax Implications

With cryptocurrencies becoming more mainstream, tax authorities are increasingly focusing on crypto transactions, leading to evolving regulations and compliance requirements.

And in the world of crypto, various actions can trigger taxable events.

A taxable event occurs when a transaction or activity leads to a tax obligation. Common taxable events in crypto include selling a cryptocurrency for fiat money, trading one cryptocurrency for another, using crypto to purchase goods or services, and earning cryptocurrency through mining or staking. Each of these events can create a taxable gain or loss, which must be reported to tax authorities.

One of the primary tax implications in cryptocurrency investing is capital gains. When you sell or trade a cryptocurrency for more than you paid for it, you generate a capital gain. Conversely, if you sell it for less, you incur a capital loss. The tax rate for capital gains depends on how long you've held the cryptocurrency. Generally, holding an asset for more than a year qualifies for long-term capital gains, which are taxed at a lower rate than short-term gains. Understanding these distinctions is crucial when building generational wealth, as it influences your investment strategy and tax planning.

To comply with tax regulations, you must keep accurate records of all your crypto transactions. This includes the date of each transaction, the purchase price, the sale price, and any fees incurred. Proper record-keeping is essential for calculating capital gains and losses and for providing

evidence in case of an audit. Consider using crypto tax software to ensure you're tracking everything correctly.

In addition to capital gains, other types of crypto-related income may be taxable. For example, if you earn cryptocurrency through mining, staking, or as payment for services, it is generally considered taxable income. The income should be reported on your tax return, and you may need to pay self-employment taxes if applicable.

Building generational wealth with crypto involves tax planning to minimize your tax burden legally. This could include strategies like holding assets for the long term to qualify for lower tax rates, using tax-loss harvesting to offset gains, and timing your transactions to align with favorable tax conditions. Simply put, you should plan for tax efficiency to maximize wealth building and pass it on to future generations.

Plan for Succession

Succession planning ensures that your crypto assets are passed down smoothly to your heirs or beneficiaries in the event of your passing. However, cryptocurrency is fundamentally different from traditional assets because it relies on digital wallets and private keys for access. If the holder of these keys passes away without sharing the necessary information, the assets can become inaccessible and potentially lost forever. Succession planning is essential to avoid this outcome and ensure that your crypto wealth benefits your family or chosen beneficiaries as intended.

The first step in succession planning is documenting your crypto assets. Create a detailed list of all the cryptocurrencies you own, along with the corresponding

wallet addresses, private keys, and any other relevant information. Include information on exchanges, brokers, and other platforms where you hold crypto. The document will allow your heirs to locate and access your assets after you're gone.

Private keys and recovery phrases are crucial for accessing your crypto assets. For succession planning, it's important to store this information securely while ensuring it can be accessed by your designated heirs or beneficiaries.

Consider using a safe deposit box, secure safe, or another highly secure location. You can also entrust this information to a trusted third party, like a lawyer, who can release it to your heirs upon your passing. Consider setting up a will or trust that specifies how your crypto assets should be handled and who should receive them. Work with a lawyer who understands cryptocurrency to ensure that your legal documents reflect your intentions and comply with relevant laws.

Designate beneficiaries who will inherit your crypto assets and choose an executor who will manage the distribution process. The executor should be someone you trust to follow your wishes and who has some knowledge of cryptocurrency. Make sure your designated beneficiaries know they are named in your will or trust and understand their responsibilities in handling crypto assets.

Educate Your Family

Building generational wealth with crypto isn't just about accumulating assets; it's about passing on the knowledge and skills necessary to manage, grow, and protect those assets. Cryptocurrency is a complex and evolving field, and ensuring that your family understands the basics can make all the difference in preserving your financial legacy.

If your family doesn't understand these basics, they may struggle to manage your crypto assets after you're gone or make poor investment decisions that could jeopardize the generational wealth you've built.

So, teach your family the fundamentals of cryptocurrency. Explain what cryptocurrencies are, how they differ from traditional money, and why they're valuable.

One of the best ways to learn about cryptocurrency is through hands-on experience. Encourage your family to create their own crypto wallets and make small investments. The practical experience can reinforce what they've learned and give them the confidence to manage their assets. You can guide them through the process, ensuring they understand each step and feel comfortable with the technology.

Find Your Path to Generational Wealth

Building generational wealth with cryptocurrency is a journey filled with opportunities and challenges. From understanding the basics of crypto to developing long-term investment strategies, the key to success lies in education, discipline, and a willingness to adapt.

Now that you've explored this guide, you're ready to take the next step. Whether you're drawn to the idea of decentralized finance, intrigued by the potential returns, or just excited to try something new, crypto offers a unique path to building a financial legacy. Don't let fear or uncertainty hold you back. Start small, keep learning, and gradually build your portfolio. Every great journey starts with a single step, so take that step today and begin investing in crypto.

Investing in cryptocurrency can be a gateway to new opportunities, allowing you to secure your future and create a legacy for generations to come. The road won't always be smooth, but with patience and a strategic approach, you'll find yourself growing along with your investments. Keep in mind that building generational wealth is about the long game—staying committed, adapting to changes, and learning from every experience.

If you're looking for a trusted partner to help manage your crypto investments, consider Kenson Investments. Kenson Investments is at the forefront of digital asset management, providing innovative solutions in the world of cryptocurrency. We offer transparent and strategic fund management tailored to your needs, ensuring that your investments are well-positioned for success.



KENSON INVESTMENTS

So, turn your aspirations into a reality. Get started with crypto today!

CRYPTOCURRENCY FUNDAMENTALS

Cryptocurrency Fundamentals is all you need to discover how to build generational wealth with cryptocurrency. From the basics of cryptocurrency to advanced strategies for creating long-term value, this beginner-friendly guide breaks down complex concepts like blockchain, decentralization, and mining, providing clear explanations and actionable insights.

Whether you're a curious newcomer or a seasoned investor, this book will guide you on the path to building lasting wealth in the digital age.

