



# Cryptocurrency and Philanthropy

Despite significant volatility over its 13-year history, cryptocurrency has become a financial phenomenon—with the value of a single Bitcoin growing to an all-time high of more than \$66,000 in October 2021. Cryptocurrency adoption continues to grow, despite its reputation for unpredictability.

It is increasingly common to see cryptocurrencies as an option to pay for goods and services—and yes, even charitable giving. But even as they become part of everyday transactions, many individuals, businesses, regulators and other institutions are struggling to keep up with the breakneck pace at which the landscape is shifting.

So, what do these trends mean for the charitable sector? And how are charitably inclined investors approaching crypto donations? Fidelity Charitable conducted a survey to address these questions. What we found shows significant knowledge gaps about charitable giving tax strategies as they relate to cryptocurrency.

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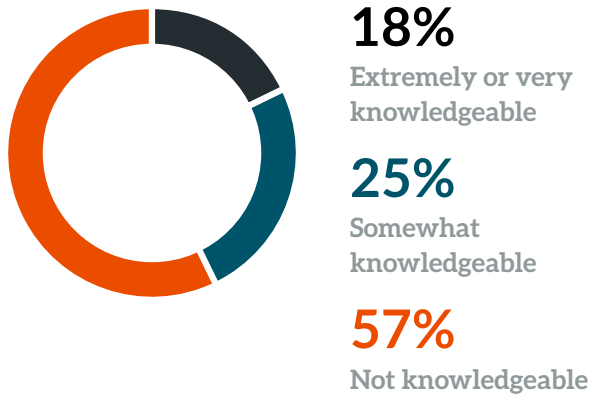
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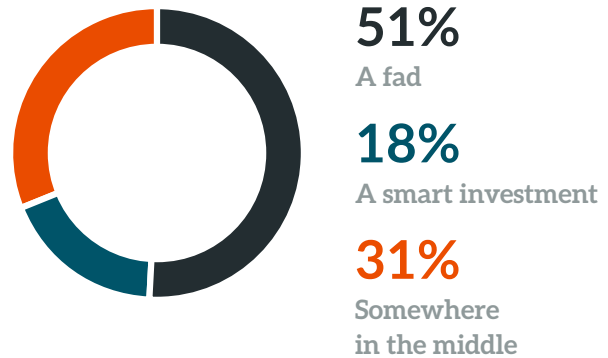
# Charting the cryptocurrency landscape

## Cryptocurrency is still new to many investors

How knowledgeable are you about cryptocurrency, such as Bitcoin or other forms of altcoins?



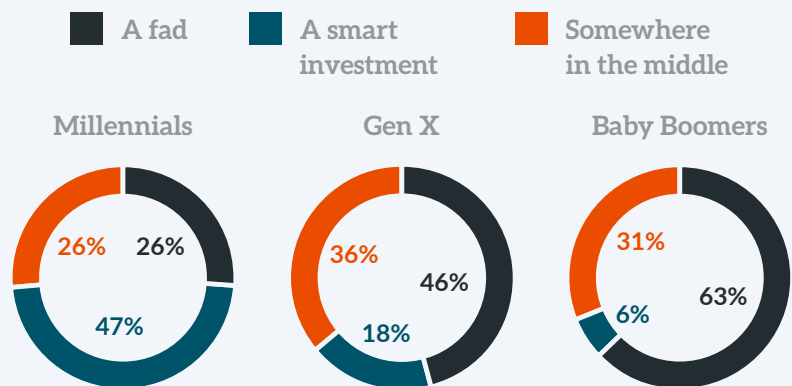
"I consider cryptocurrency to be..."



## Half of Millennials understand cryptocurrency and believe in its long-term potential

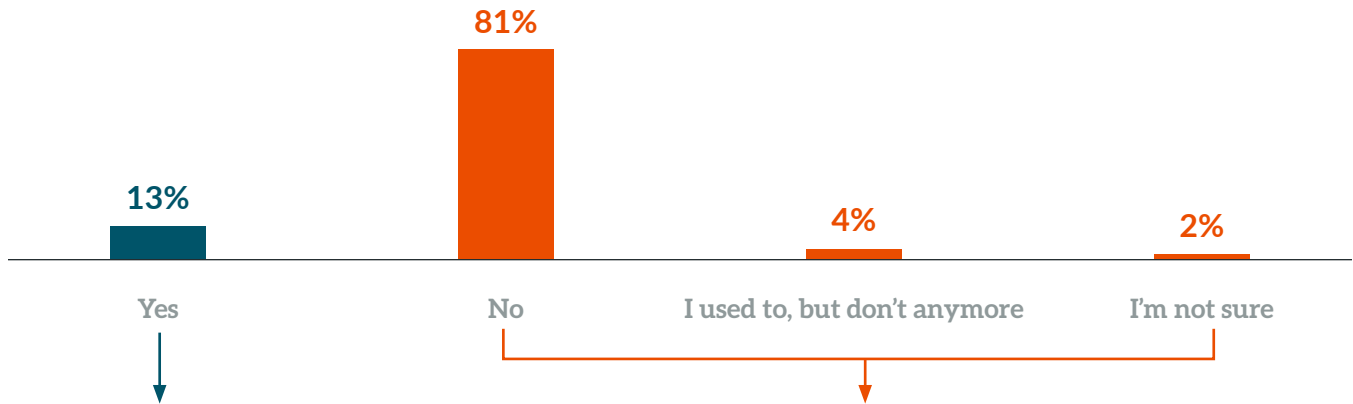
48% of Millennials say they are knowledgeable about cryptocurrency, and 47% say that digital assets are a smart investment.

"I consider cryptocurrency to be..."



## Cryptocurrency owners are satisfied with their investments—while non-owners see them as risky

Do you currently own cryptocurrency?



How satisfied are you with your investment in cryptocurrency?

Extremely or very satisfied	68%
Somewhat satisfied	21%
Not satisfied	11%

How long have you owned cryptocurrency?

1 year or less	40%
2 to 3 years	41%
4 years or more	19%

What is the approximate value of the cryptocurrency you own?

Less than \$1,000	38%
\$1,000 to less than \$5,000	25%
\$5,000 or more	37%

In the next 12 months, what do you expect to happen to the amount you allocate to cryptocurrency?

Increase	57%
Stay the same	34%
Decrease	4%
Not sure	4%

Base: Respondents who own cryptocurrency

Why don't you invest in cryptocurrency?

I don't trust it	49%
It's too great of a risk	40%
I don't know enough about it	38%

Base: Respondents who do not currently own cryptocurrency

In the next 12 months, how likely are you to consider investing in cryptocurrency?

Extremely or very likely	7%
Somewhat likely	13%
Not likely	80%

Base: Respondents who do not currently own cryptocurrency or aren't sure

### Millennials are more actively involved in cryptocurrency investing

35%

of Millennials currently own cryptocurrency.

Among those who do not,

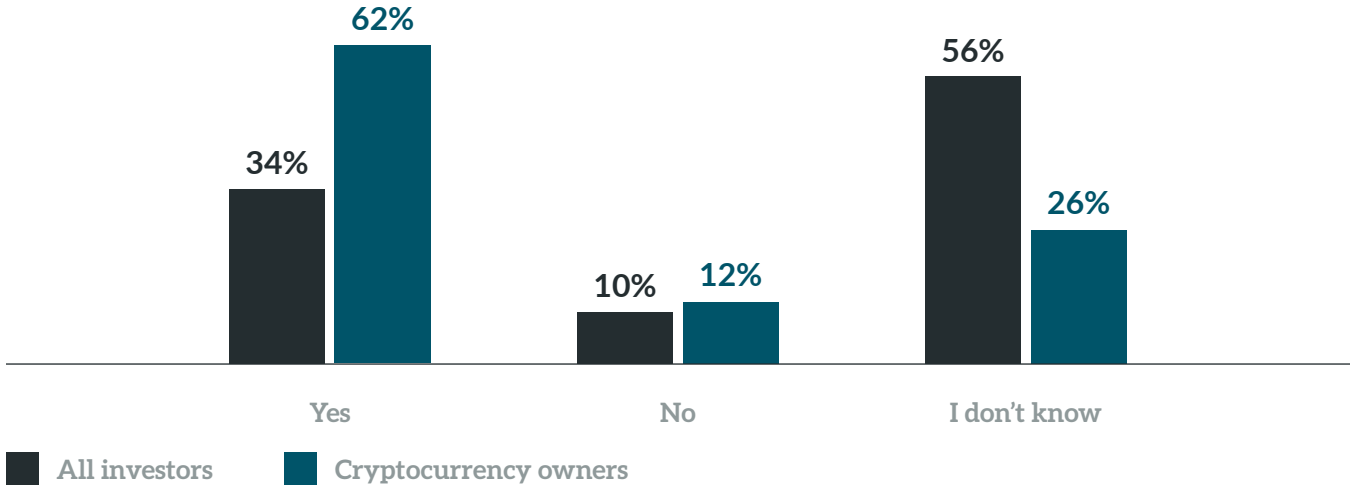
51%

say they are at least somewhat likely to consider it in the next year.

# Cryptocurrency and taxes

**Significant confusion exists around the tax implications of selling cryptocurrency—even among those who own these assets**

If someone sells cryptocurrency after it has appreciated, is that a taxable event in the United States?



Which of the following best describes your approach to taxes?

I aggressively seek to minimize my tax burden

12%

I pay close attention to what is deductible on taxes

22%

I minimize taxes where I can but don't actively seek opportunities

19%

I don't have many opportunities to minimize my taxes

10%

My taxes are fairly straightforward and I don't worry about them

32%

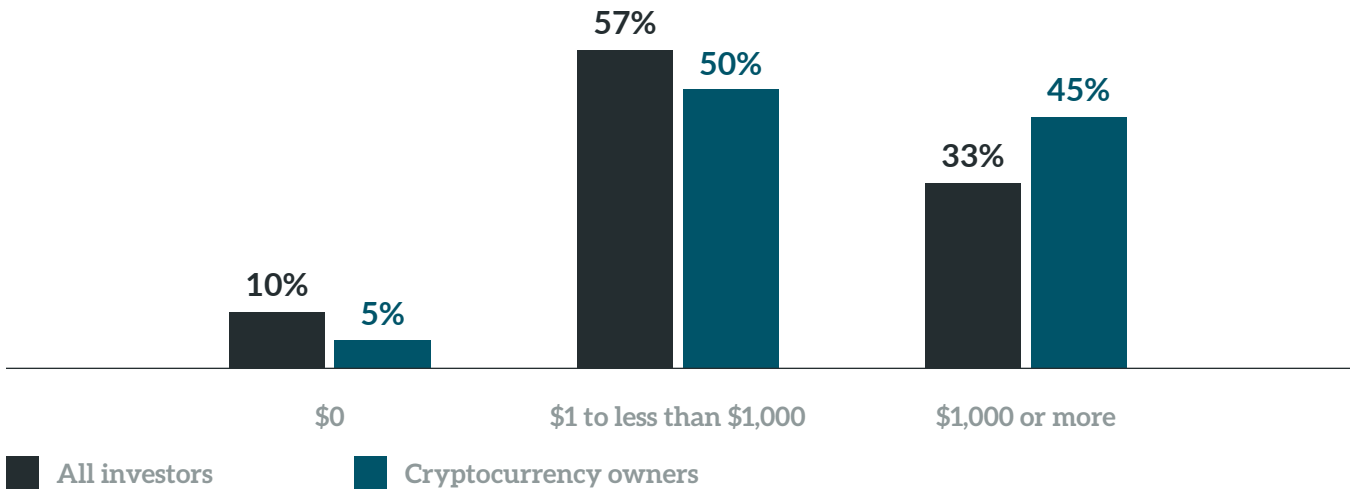
Not sure

5%

# Cryptocurrency investors and charitable giving

## Cryptocurrency investors are a disproportionately charitable group

In 2020, what was the total dollar amount that your household donated to IRS-qualified charitable organizations?



## Millennials are a charitably inclined generation

“Charitable giving is a significant or pretty important part of my life.”

88%

Millennials

71%

Gen X

69%

Baby Boomers

Base: 701 respondents who donated \$1,000 or more to charity in 2020

## The tax-savvy strategy of donating digital assets to charity is not well-known

Do you know whether cryptocurrency can be donated to nonprofits and charities?



**45%**  
Yes, you can

**2%**  
No, you cannot

**30%**  
You probably can, but I don't know for sure

**23%**  
I don't know

Base: Respondents who own cryptocurrency

## A significant portion of cryptocurrency investors have donated crypto assets to charity—but many faced difficulties with the process

Cryptocurrency donations to charities are tax deductible if you itemize your deductions.

Have you donated any of your cryptocurrency to a nonprofit?



Yes



Why did you donate cryptocurrency to charity?

I wanted to do something good with my cryptocurrency	67%
My cryptocurrency appreciated significantly	56%
Tax benefits of donating cryptocurrency	54%

Did you have any challenges donating cryptocurrency to charity?

The charity required a larger amount than I wanted to give	50%
Difficult to find nonprofits or charities that accept cryptocurrency	46%
Cumbersome process	44%

Base: Cryptocurrency investors who have donated cryptocurrency to charity

No



Why haven't you donated cryptocurrency to charity?

I'm using it for my own investment purposes, not to donate	30%
I have other assets I prefer to give	20%
I did not know I could donate it to charity	19%
It is difficult to find nonprofits that accept cryptocurrency	10%

How likely are you to donate any of your cryptocurrency to charity?

Extremely or very likely	23%
Somewhat likely	20%
Not likely	57%

Base: Cryptocurrency investors who have not donated cryptocurrency to charity



## Methodology

This report is based on a study conducted in July and August 2021 by Artemis Strategy Group, an independent research firm, on behalf of Fidelity Charitable. The study examined cryptocurrency and charitable giving among 1,216 investors in the U.S. who have a minimum of \$25,000 in investable assets outside of an employer retirement plan.

Percentages may not total 100 due to rounding.



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