

THINGS TO KNOW

We Need to Talk About Bitcoin

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Bitcoin: It's a red-hot asset that's now being used as a retirement investment. But its extreme volatility should give pause, says The Wall Street Journal.

The digital currency's market value shot up 123% in 2016, and it nearly hit a record high less than two weeks ago. Retirement savers can corral such potential through C IRA, whose IRAs can provide direct ownership interests in bitcoin.

"Virtually all investors who have retirement accounts should take a look at bitcoin in an IRA," says Edmund C. Moy, a former U.S. Mint director who is Bitcoin IRA's chief. "The rise and fall aren't correlated to the same factors that affect the U.S. dollar."

Now about that volatility: The price of the "cryptocurrency" rises and dips dramatically as computer hackers steal bitcoins, regulators threaten to scrutinize trading, and investors swarm into and out of the market. In the past nine days alone, bitcoin is down more than 28%, and since 2012, it has dropped at least 10% in a single day 38 times.

That plus, say, a 4% withdrawal plan for retirees, is a recipe for disaster. Created by an anonymous coder and exchanged among a decentralized network of computers, bitcoin's existence, by design, is finite. No government or central bank can devalue the currency by printing more of it.

"So, in that sense, bitcoin isn't extremely risky," says Campbell Harvey, a finance professor at Duke University. "If the stock market crashes, there's no particular reason to worry about it."

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