



Common Bullion Investing Questions

What is Bullion?

- Bullion refers to items that derive their value from their precious metal content, rather than their form. With bullion investments, the form it is in may result in minor differences in price, but the majority of the value is determined by the metal content. Gold and silver are the primary metals used for bullion investment. Although platinum, rhodium or copper could be used, the pool of potential buyers is small enough that it would impede the ease and speed of selling.

What is Store of Value?

- An item that can be held and easily converted into money in the future without a decrease in value.
- Various commodities are considered stores of value by virtue of their divisibility, durability, and portability in addition to the ease and speed of liquidity (converting back to money).

Why invest in Silver & Gold?

- In times of economic stress, many chose to purchase items as a "Store of Value" to safeguard their purchasing power.
- Many items, such as real estate, gemstones, bulk food or fuel are ways people have tried to invest their wealth in the past; however they are all lacking in the divisibility, durability or portability aspect of "Store of Value"

What is spot price?

- The spot price is determined by the current value of the next due futures market. So it is the theoretical price of "paper" metal, not the actual price real metal is trading at. The spot price is utilized as a pricing basis by those dealing with physical metals, but some premiums have to be added to account for the acquisition and holding costs involved.
- The spot price changes constantly whenever the investment markets is open (similar to the stock market)

What are the taxes on bullion?

- Due to the ever changing tax laws, you need to check with a tax professional in regards to what the tax laws are, and how they relate to your current situation.
- Regardless of your personal situation, the taxes owed are based on profit (the increase of sale price vs purchase price). We recommend keeping a copy of the purchase receipt with the bullion to make it easier to determine profit when you eventually sell your bullion.
- The State of Wisconsin requires us to collect sales tax on bullion sales unless they have a sales tax number or are a Wholesale Only Dealer (a person who buys in wholesale quantities and is buying with intent to be reselling to another dealer with a sales tax number).

Where should you store your bullion?

- Depending on your personal circumstances, size of bullion investment and comfort levels, customers store their bullion in many locations such as: Safety Deposit Boxes (you are limited access to Bank Lobby hours), a home safe (should be bolted down so it cannot be carried away) or some hiding spot at home.
- Where ever you chose for you storage location, make sure at least one non household member can access it if something were to unexpectedly happen to you. The primary concern is making sure your bullion investment does not get forgotten or given away in error because you had too good of a hiding spot.



What is the difference between physical bullion, stored bullion, ETFs and Futures?

- Futures are the investment on what you believe the price of something will be at some future date. At that future date the bullion can then be purchased (but rarely is) or rolled over into another futures contract. This is done to speculate on future results or to hedge risk for those who work in the bullion markets.
- ETFs (Electronically Traded Funds) are funds that buy stocks in an index (a specified collection type). The ETF allows individuals to have exposure to the category by purchasing stocks from many different companies in all aspects of that category (such as miners, processing and physical possession of the metal).
- Stored Bullion is bullion that you specifically purchased, but is being stored on your behalf at a third party storage company. These can either be something like a Bullion IRA or a Third-Party Storage option from a major bullion dealer. The additional storage costs on this investment are determined by which type of allocation is being utilized.
 - Unallocated Bullion Storage is where all the bullion stored by the company is collectively grouped together. This option makes it more difficult to track the bullion belonging to each individual, especially if the company also leases (loans ownership but maintains possession of) their bullion to other investment entities. This type of storage has a lower annual storage cost, but becomes difficult to reclaim your physical investment at a future date.
 - Allocated Bullion Storage is where all the bullion stored is able to be accounted back to its actual owner (from physical location, storage bin or serial number). Because all the bullion being held is clearly designated to its owner annual storage costs are much higher, but the bullion can easily be physically reclaimed at a future date.
- Physical possession is where you physically have possession of the bullion. This option is the easiest and quickest for you to choose what you want to do with your possession.

Is it better to buy silver or gold?

- Which metal to buy is a personal choice based on amount available to spend, risk aversion, discrete portability, and storage availability.

Comparison	Gold	Silver
Market Volatility	Average Trading Range: \$1 - \$5 about 0.5% of market	Average Trading Range: \$0.50 about 1.5 - 2% of market
	Volatile Market: \$20+ about 1% of market value	Volatile Market: \$1+ about 4% of market value
Size / Portability	1 tube of 20 is 4" x 1 1/2" x 1 1/2" & holds \$30,000+ value	A 100 bar is 3" x 1" x 5" and holds \$2,500 + value
Starting Cost	A 1oz Gold Eagle starts at \$2000, smaller sizes have significantly higher carry costs	A 1oz silver starts at \$30+, standard sizes
Use per category	Central Banks & Investment = 55%, Jewelry = 37%, Technology = 8%	Investment = 19%, Jewelry = 27%, Technology = 54%



Which form of Gold should I buy?

- We recommend the American Gold Eagle due to the lowest carry costs. There are many Sovereign and Private Mint options available for gold, but the lower cost of ownership (the difference between what you pay to acquire vs the proceeds when you sell) makes the American Gold Eagle our recommendation.
- Some Sovereign Gold is alloyed with trace amount of other metals (American Gold Eagle has copper & silver, S. African Kruegerand has copper) to add durability. They still have a full measure of the stated metal, but also add the additional metals for hardness.
- No matter what form you invest in, stick with full size ounces. Fractional gold ounces & gram size bars typically cost more per ounce to buy and you get less per ounce when you sell due to the higher labor in processing.

Which form of silver should I buy?

- 90% Coin Silver, "Junk Silver" or "Constitutional Silver"
 - Dimes, Quarters and Half Dollars from 1964 & prior
 - Silver Dollars actually have 0.77 Troy Ounce of Silver per coin and have additional collector value over just silver content
 - The smallest increments of standardized silver (\$1 Face value = 0.715 Troy Ounce of Silver)
 - For those who feel they will be able to barter with their silver for needed items
 - You need a knowledge of silver to be able to determine its value
- Government Issue (Sovereign Issue) Silver
 - Government issue with a Denomination, Year and Country of Issue (it is money, so counterfeiters would be subject to stronger penalties)
 - It is in pure, standardized increments
 - Is eligible for some specialized bullion investments
- Private Mint Silver
 - It is pure (0.999 fine) and available in standardized increments of: 1oz rounds, or Bars in 1oz, 10oz and 100oz sizes
 - Are lower in cost than the Sovereign Issues for the same silver content
 - Planchettes (the metal that is struck) are typically made by the same manufactures as Sovereign Silver mints
 - The designs frequently change with the manufacture. Certain designs are not always available & may require an additional charge if a specific design is required.

Should I buy numismatic items as Bullion?

- Numismatics are coins with collectible value in addition to possible bullion value. We work with many customers who enjoy collecting coins and love to help them find more items for their collections; but if you are looking primarily for an investment to protect your purchasing power, collector coins carry a premium not only as a Sovereign issue coin, but also for scarcity in relations to the coins year, mint of issue (mint-mark) & condition.
- Collecting coins is a great hobby and buying collectible coins is a wonderful way of combining your hobby and investment; but if you are wanting the best financial investment, avoiding collector premiums is your best because they often cannot be recouped.
- Some bullion sellers claim you need to buy collectible bullion (Sovereign issued Gold prior to 1935 or Silver prior to 1965) to prevent possible government confiscation. This is nothing more than a fear tactic to induce you to buy a more profitable item from them.



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--and-- *Diamonds, etc.*

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Troy Ounce vs (Avoirdupois) Ounce, what is the difference?

- All precious metals are priced in Troy Ounces. The spot prices are listed in Troy Ounces.
- One Avoirdupois (postal) ounce is approximately 0.91 Troy ounces.
- There are 31.10 grams in a Troy Ounce & 28.35 grams in an Avoirdupois ounce.

What determines the premiums on bullion?

- Market Conditions are the biggest determining factors.
- Premiums increase with: metal shortages, market demand, economic or geo-political uncertainty - when most people want to buy
- Premiums decrease with: metal easy supply, when individuals feel as the economy is improving and they are comfortable with the geo-political environment – when most people want to sell

What forms of payments can be used?

- Cashier's Check
- DEBIT Card with pin number, may require a phone call to your card provider if larger amount.
- Cash - over \$10,000 in a single transaction requires a Federal 8300 Form
- Check, with approval and/or holding merchandise while waiting for check to clear
- Unfortunately No Credit Cards due to the fees charged and chance of fraud.

Should I buy locally or from an online dealer?

- Buying locally allows you to meet your local dealers, ask questions, and develop of working relationship. Often the local dealers are going to be able to immediately supply what is being sold. By developing a working relationship with a local dealer, you will have a known source to be able to liquidate quickly if needed.
- Online dealers are often able to stock a larger supply, but all orders need to be shipped. Web sites can offer lots of information, but often cannot provide answers to YOUR specific questions.

