

# GOLD IRA

## INVESTOR'S GUIDE

**(2016 Edition)**

A MUST-READ FOR A SUCCESSFUL BULLION INVESTMENT



BY CHRIS THOMAS

**GOLD IRA GUIDE**

[www.goldiraguide.com](http://www.goldiraguide.com)

We have been featured on



# Table of Contents

---

Table of Contents .....	0
Preface – Beware of Gold Scams! .....	2
1. Glossary of Important Terms .....	3
2. What to Look For When Investing in a Precious Metals IRA .....	5
A) The company you'll be buying the bullion from:.....	5
B) The custodian in charge of storing your gold in a depository: .....	6
3. Top Five Gold Scams in 2016 .....	7
Scam #1: The Bait-and-Switch: Advertise Bullion, Upsell Numismatics .....	7
Numismatics <i>Cannot</i> Be Deposited Into a Precious Metals IRA .....	8
Dealers Charge Absurd Commissions on Numismatic Coins .....	8
The “Numismatics Can't Be Confiscated” Con.....	9
Numismatic Coins Have Very Low Liquidity.....	10
Few Numismatic Coins Will Appreciate in Value .....	11
Scam #2: The “Investment-Grade” Farce: Higher Prices for Graded/Certified Bullion Coins .....	11
Scam #3: Pressured Into Converting All or Most of Your Savings Into Precious Metals .....	12
Scam # 4: Talked Into Opening “Leveraged” Accounts .....	13
Scam #5: Financial Advisors Taking Excessive Commissions.....	15
4. Understanding Prices in Gold Transactions .....	16
5. Questions to Ask Before Buying Gold for Your IRA.....	17
6. The Different Allocations for Precious Metals.....	18
Strategy #1: Lightly Allocated in Metals.....	18
Strategy #2: Moderately Allocated in Metals .....	18
Strategy #3: Heavily Weighted in Metals .....	19
7. Review Different Companies Before You Invest! .....	19

# Preface – Beware of Gold Scams!

---

With the majority of financial analysts and economists warning investors about the high probability of another financial crisis, the 18+ trillion national debt, the continued currency debasement policies, and hyperinflation appearing imminent in the next decade, most experts expect to see a continued increase in the demand for and price of gold, silver and other precious metals.

In addition to retirement investors flocking to gold to protect the value of their wealth, we've also seen an exponential increase in the number of unscrupulous bullion companies that intend to profit from the modern “Gold Rush” by exploiting uninformed investors with shady business practices, forceful sales tactics, and unfair/hidden fees.



Scams are easy to spot if you know what to look for, but to the inexperienced investor under the influence of a fast-talking salesman or impressive web page, it's not always easy to differentiate between a reputable bullion provider and a profit-driven middleman that charges excessive premiums.

Companies that perpetuate precious metals IRA scams capitalize on the growing demand amongst retirement investors by redirecting their zeal and convincing them to purchase products that are either overpriced or poor investments altogether. Oftentimes such products are sold at prices far above the fair market value of their precious metal content, and in some cases the coins are not even eligible to be deposited into a precious metals IRA.

This comprehensive report reveals some of the most common scams and schemes used by unscrupulous dealers, financial advisors, advertisers, and investment firms operating with the sole intention of increasing their profits by tricking you into overspending and/or “investing” in products and services that no serious investor would ever consider.

In this document we'll teach you how to steer clear of the industry vultures and effectively make a well-informed buying decision when investing in a precious metals IRA. But first, let's look at some of the lingo you'll need to become familiar with in order to truly understand the extravagant sales pitches and promises made by the most persuasive precious metals scammers:

# 1. Glossary of Important Terms

---

**Bullion** – Bars and coins that meet set purity standards and are officially recognized by global markets. According to the London Bullion Market Association (LBMA), gold bullion coins must be at least 99.9% pure and gold bullion bars must be at least 99.5% pure.

Examples of popular gold bullion coins include:

- American Gold Eagle
- American Gold Buffalo
- Canadian Gold Maple Leaf
- Australian Gold Kangaroo
- Austrian Gold Philharmonic



**Appreciation/Depreciation** – The rate at which the value of an item increases (appreciates) or decreases (depreciates) over time. For example, if you purchase a coin that costs \$50 today, and in 10 years it is worth \$100, that would mean it has appreciated in value by \$50, or 100% (of its original price).

**Historic Coins** – Companies typically use this term to refer to coins that were minted and released before 1933. You may see sections on their websites that sell “Pre-1933” coins.

**Precious Metals IRA** – A type of self-directed individual retirement account (IRA) in which an investor can deposit gold, silver, and other precious metals in the form of bullion. A precious metals IRA in which gold is the primary investment is also commonly referred to as a “Gold IRA.”

**Karats** – The unit used to measure the purity of a precious metals product. Gold is considered pure at 24-karat, but most gold on the market is mixed down to 22-karats to increase the strength of the metal.

**Liquidity** – A measurement of how easily an asset can be sold for cash. An investment with high liquidity is easy to sell for a fair price in any marketplace, at any time. It is important to differentiate between liquidity and value – sometimes an item can be more valuable, but much harder to sell.

**Mark-up** – The difference between the cost a dealer pays for precious metals from their wholesale supplier and the retail price they charge their customers. For example, if a dealer buys gold from their supplier at 2% above the spot price, and sells the same coin/bar at 6% above the spot price, then their total mark-up is 4 percentage points.

**Premium** – The cost of any precious metals product in addition to the current spot price of its precious metal content. For example, if gold is selling at the spot price of \$1,200 per ounce, and the dealer is selling a 1-ounce bar for \$1248, which would mean their premium is \$48, or 4% of the spot price (\$1200).

**Mint State** – A rating that measures the condition and quality of a coin, ranging from MS-61 to MS-70.

**Numismatic Coins** – These coins, which best serve as collectors' items and gifts, differ from bullion coins because their value is based on their rarity, condition, and mint date, rather than the actual value of the precious metals they contain.

**Spot Price** – The live price that financial institutions pay for one ounce of precious metals from a major bullion exchange. This is essentially the wholesale price, or the price that the precious metals wholesaler pays for their stock. The wholesaler adds a premium to the spot price before selling to the retailer/dealer, who then sells the products to individual investors after adding their own mark-up. Most dealers show the live spot price on their website to help you determine how high their markups are. See the definition of “mark-up” above.

**Spread** – The difference between the price a dealer sells their precious metals for and the price they will buy them at. This is one of the most important factors to consider when comparing companies. A good dealer will have a low spread – meaning they will buy precious metals at a price that is close to the price they sold them at.

**Troy Ounce** – The standard imperial (English) measurement unit used to measure the weight of precious metals. One troy ounce weighs approximately 31.1 metric grams.

Now that you've become familiar with some of the main terminology you'll encounter when researching precious metals companies, let's get started.:

## 2. What to Look For When Investing in a Precious Metals IRA

---

Before introducing the scams and tactics that are most commonly employed by companies you're *trying to avoid*, we'll start by showing you what to look for in the companies that you are *trying to find*. There are two types of companies that investors will typically have to compare when investing in a precious metals IRA:

### A) The company you'll be buying the bullion from:

First you'll want to find a reputable precious metals dealer that doesn't charge *unfair* fees, commissions, or premiums. Preferably, if you're planning on investing in a Gold IRA, you should deal with a provider that can help you set up, fund, and directly deposit your bullion into, your precious metals IRA. You can use the following basic checklist to ask and answer the questions needed to make an informed investment decision when choosing a bullion dealer/Gold IRA company:

- **What is their reputation like? (Both online and offline)**

Check their rating on leading business directories and ratings bureaus like the Better Business Bureau, Business Consumer Alliance, Trustlink, Yelp, Yellow Pages, and Google+. A great company that satisfies its clients will have a high number of positive reviews on multiple sites.

- **Do they assist in the process of setting up and funding a Gold IRA? Do they make it easy to deposit the purchased bullion directly into a precious metals IRA?**

If they do not, you'll have to set up your own IRA with the custodian of your choice, and then you'll have to ensure that your bullion dealer will be able to provide delivery of the precious metals into the IRA you've set up. Look for leading bullion dealers that have devoted sections of their websites to precious metals IRAs and have established partnerships with the leading custodians to streamline and safeguard the investment process.

- **What are their main products and how do they try to sell them? Are they trying to sell you numismatic/collector's/pre-1933 coins when you're asking about products for your Gold IRA?**

Be wary and steer clear of aggressive sales pitches and companies that are quick to recommend any products other than bullion when you're inquiring about products for your Gold IRA. This is a clear sign that they are just trying to earn higher commissions and more profit from your purchase.

- **Are they able to provide offshore storage solutions?**

This is a feature that only the best bullion dealers and Gold IRA companies have implemented for the benefit of their clients. A company that is actually concerned about the security of their clients will go the extra mile to partner with storage providers who have offshore facilities in places like Hong Kong, Singapore and London.

To learn more about comparing Gold IRA companies and bullion dealers, see our [company comparison chart](#).

## **B) The custodian in charge of storing your gold in a depository:**

The other type of company that you'll need to pay attention to when setting up a self-directed precious metals IRA, is the custodian that will act as the trustee of the account. Here are some questions that should be answered when comparing custodians:

- ***Do they charge flat-rate storage and admin fees, or do they charge sliding scale fees?***

**Sliding scale fees** increase along with the fair market value of the precious metals stored within the account, whereas **flat-rate fees** stay the same regardless of the value of the account.

- *Do their annual fees include the cost of storage, or do you have to pay a storage fee to the depository based on how much metals are stored in the account?*

Some custodians will charge a flat-rate fee for storage, making it easy to determine the overall annual cost. Other custodians will give you a choice of which depository you'd like to use, and your storage costs would then depend on the storage fees charged by that depository.

- *Which depository do they use, and do they let you choose your own depository?*

Being given the choice to choose your own depository is not always as great as it may seem. Do you feel confident that you'll choose the most cost-effective and safest depository? You may be better off dealing with a company that has established a cost-effective partnership with a leading custodian.

## 3. Top Five Gold Scams in 2016

---

Now that you've become familiar with some of the positive traits to look for in a bullion dealer and custodian, without further ado, let's take a closer look at some of the more prevalent scams and scam-like activity seen in the precious metals industry:

### **Scam #1: The Bait-and-Switch: Advertise Bullion, Upsell Numismatics**

This is by far the most common way metal dealers convince investors to pay more than they should for precious metals. In fact, most dealers earn the **majority of their profits by selling numismatic coins**, not bullion coins, even though *bullion coins are the only kind of coin an investor should buy*. Many unsuspecting retirement investors have purchased numismatic coins only to later find out that they're not even eligible to be deposited into an IRA.



Once you're actually on the phone with one of the company's sales reps, they'll then try to persuade you into buying numismatic coins instead, falsely hyping up their value with terms like “historic,” “rare,” “limited,” etc. Recommending products other than, or in addition to the items a buyer is interested in, is a practice called upselling – one of the key signs that a company is just looking to earn extra profit from your investments. They want to sell you something extra or something different, despite the fact that you don't need it.

*The fact is, unless you're a highly knowledgeable coin collector and/or you happen to purchase some of the few numismatic coins that actually do appreciate in value, there are a number of reasons to completely avoid numismatics:*

## **Numismatics Cannot Be Deposited Into a Precious Metals IRA**

The most important and straightforward reason for retirement investors to avoid numismatic coins is that they're not eligible to be deposited into a precious metals IRA. Plain and simple, if you're looking for investments for your self-directed IRA, you'll need to completely steer clear of numismatic coins and companies that try to upsell them when you're asking about bullion. The very first thing an investor should learn when investing in a precious metals IRA is that *only certain bullion coins are [eligible to be deposited into an IRA](#)*.

## **Dealers Charge Absurd Commissions on Numismatic Coins**

Dealers typically sell numismatic coins at prices that are 35% to 50% higher than the actual value of the precious metals they contain. Huge profits for them! Unfortunately, most numismatic coins will never appreciate in value enough to account for the commission alone, and even those that do, typically take decades to increase in value. You could be waiting twenty years just to see a \$50 coin become worth \$50 again, and another 20 years to see it become worth \$100, and that's if the coin ever becomes profitable at all.

We should clarify that there's a relatively tiny number of elite numismatic coins that demand a high price as rare collector's items. Those coins can be worth lots of money (in rare cases even \$100,000+), and when the economy is good and there are buyers, it may

be possible to liquidate them, but such ultra-rare, high-value coins cannot be bought in bulk as investments and are considered to be more like antiques/art.

## The “Numismatics Can't Be Confiscated” Con

Some precious metals dealers will try to use a common scare tactic that we like to call the Confiscation Con. They tell the investor that numismatic coins are the only types of coins that are “exempt from government confiscation.”

This entire argument is based on a law passed back in 1933 by President Roosevelt – Executive Order 6102, which prohibited US citizens from privately holding gold. The law required gold owners to turn over their gold bullion or face a \$10,000 fine (which would amount to \$167,700 in today's dollars) and/or 10 years imprisonment. The “numismatics can't be confiscated con” comes from the following exemption in the law:

*“Gold coin and gold certificates in an amount not exceeding in the aggregate \$100 [about 5 troy ounces at that time] belonging to any one person; and gold coins having a recognized special value to collectors of rare and unusual coins.”*

Salesmen like to highlight the words “rare and unusual” to convince potential buyers that their numismatic coins would be exempt in the event of a government confiscation. Maybe in 1933 this could have been a cause for concern at first glance, but even then at the height of the Roosevelt confiscation there were no cases of the government breaking into people's homes and safes to forcefully take their gold.

The law didn't state “turn in all your gold, or we will come take it from you,” it stated “turn in all your gold or you could face a fine and/or be prosecuted.” There was only one case of prosecution under the order, which took place when a lawyer in New York attempted to withdraw 5,000 troy ounces of gold at Chase Bank, and ironically the court did not even convict him for it.

When it comes down to it, if the government were to start confiscating property for economic reasons, they'd probably start with assets that like real estate, vehicles, and stock and bond certificates first, all of which would be much easier to seize than gold. If that starts happening you'll have a lot more to worry about than whether the numismatic coins in your collection will be safe from the TSA officer that would hypothetically be tasked with job of seizing your gold. Do you think that shouting “hey, don't touch those, they're numismatic,” would work to keep them in your possession in a scenario like that?

The reality is, the vast majority of numismatic coins would under no circumstances be considered “rare or unusual” enough to be excluded from a confiscation, which may or may not ever occur. Note that the law does not mention the term “numismatic” at all.

A lot of salesmen will try to talk you into purchasing what is commonly referred to as “pre-1933” coins, which are allegedly the “only coins exempt from confiscation.” This is total nonsense to the point of being comical, because more than 95% of the gold that was “confiscated” during the devaluation of the dollar in 1933 were *gold coins that were minted before 1933*. Most of the gold was willingly exchanged at the bank for paper money at the rate of \$35/ounce, which at the time was a \$15 increase above the \$20.67/ounce value that gold held prior to the confiscation scheme.

Many gold holders proudly brought their gold in and exchanged it for cash in a patriotic gesture, standing behind Roosevelt's proposed plan to fix the economy. This is not the picture painted by aggressive and misinformed salesmen that try to scare you into buying numismatic coins by making you believe the hyperbole that the government is going to kick down your door (or rob your bank?) and “confiscate” your bullion coins.

## Numismatic Coins Have Very Low Liquidity

This means that there are relatively few individuals and companies that will buy your numismatic coins from you if you ever decide to liquidate them into cash, so you're essentially stuck with them in most cases.

There is no easy market for selling numismatic coins; oftentimes the dealer who sold them to you will only buy them back at a price that is lower than what you paid for them. To the contrary, bullion coins are readily accepted and purchased at close to spot price in international markets around the world.

An investor should never have trouble turning physical precious metals into cash. Gold and other precious metals have consistently ranked as some of the most liquid assets throughout history. The fact that numismatic coins are so difficult to sell for a fair price, despite their precious metals content, is a testament to how horrible of an investment these coins really are.

In fact, numismatic coins quite possibly have the lowest liquidity of any form of precious metals in history. Bottom line is, they're usually hard to get rid of, and if you do find a buyer, you'll be lucky to get back what you paid in most cases.

## Few Numismatic Coins Will Appreciate in Value

Finally, perhaps the biggest reason to avoid numismatic coins and companies that try to push them on you – they're practically worthless as “investments.”

If you were to listen to the smooth sales rep at the average coin dealer, you'd probably fall under the false impression that “numismatics *can be* more profitable than bullion coins.” This is a blatantly misleading claim that salesmen often try to bolster with charts that are purposefully built to highlight the tiny minority of numismatic coins that have done well in the past.

Of course, such lucrative numismatic coins are only hand-picked in hindsight, and their success is certainly not typical of all numismatic coins. In fact, it is *extremely unlikely* that you'll be one of the lucky individuals that invests in the few numismatic coins that could eventually become worth more than the price they were purchased for. Numismatic coins are speculative, high-risk investments at best.

In fact, if you compare the performance of rare numismatic coins graded by the Professional Coin Grading Service (as indicated by the PCGS 3000 index) with the spot price of gold bullion over the past decade, it's easy to see that numismatics have actually missed out on most of the price gains that gold has achieved in the past decade.

## Scam #2: The “Investment-Grade” Farce: Higher Prices for Graded/Certified Bullion Coins

This is yet another common scam tactic used by some bullion dealers to trick buyers into paying jacked up prices for completely unnecessary and overpriced certification. We'll explain:

Coin grading services like the American Coin Club Grading Service (ACCGS) and the Professional Coin Grading Service (PCGS) give collectors a way to have their coins graded

and certified by a professional. The coin's condition is graded on a 70-point Sheldon Scale, with the highest grade being Mint State 70 (MS-70).

These are indeed useful services for collectors of rare coins, especially in the case of older, more valuable pieces. For example, a coin from 1850 that is graded MS-70 would obviously have a much higher value than a badly worn coin from the same year. However, when you're buying brand new bullion for your Gold IRA, the condition of the coins is a moot point because all of the coins and bars you buy will be in flawless condition.

If you were to purchase a bunch of American Gold Eagles for your precious metals IRA, the coins would all be in MS-70 condition, and they would ship directly to a secure depository, where their condition is unlikely to change any time soon. But that rationale doesn't stop bullion dealers from offering *overpriced* and *overhyped* "certified" versions of freshly minted bullion coins.

It's not uncommon to see bullion dealers charging \$50-\$80 extra for the graded versions of new bullion coins. Meanwhile, it costs about \$9 to have a coin graded by the same services yourself. For example, a 1 oz. 2014 American Gold Eagle might cost \$1,255 without grading, or \$1,325 with the grading. Graded bullion coins might as well be collectibles, because no serious investor would willingly short themselves of \$50-\$75 extra on each coin for certification, when they could have the coins certified themselves at only \$9 extra per coin.

Plus, there really is no point in paying the extra money for certification when you know for a fact that brand new bullion coins ship in MS-70 condition. Paying more than \$50 extra per coin for a certification that should cost less than \$10 is just a bad investment decision, yet there's no shortage of companies that try to convince their clients into doing just that.

## **Scam #3: Pressured Into Converting All or Most of Your Savings Into Precious Metals**

Another common tactic used by profit-driven salesmen in the precious metals industry, is to convince the client that their entire portfolio is essentially at risk unless it is immediately and entirely converted into precious metals. They'll want you to immediately convert 60, 80 or even 100 percent of your retirement savings into a

precious metals IRA. Any company that wants you to empty out your entire retirement account into a precious metals IRA is obviously not acting in your best interest. Investment is, and will always be, about balance! No one should recommend that you put all your eggs in the same basket.

A respectable and knowledgeable IRA investment specialist would never instruct a client to convert all or most of their assets into gold or any other single asset type. Instead, most financial advisors recommend allocating **between 5% to 25%** of your retirement savings towards precious metals, depending on the level of risk you're willing to take, your investment goals, and your [confidence in the economy and the strength of the dollar](#). **See the section #6 of this document to learn more about some of the most effective metal allocation strategies.**

If precious metals are so safe, why not convert *all* of your assets to them? Retirement investors need to use their savings wisely to generate a maximum return, and while there is a possibility that precious metals could provide a substantial return in the next decade, it is never a good idea to put all of your eggs in one basket.

We would not recommend devoting more than one third of your portfolio to precious metals investments in most scenarios. The reasoning is that, although precious metals act as a great hedge against inflation and carry the potential to increase in value exponentially, they may not be the most profitable investments in the short-term, and they will not create residual income for you in retirement like some other investments can.

Diversifying your portfolio is the best way to protect the value of your savings while also ensuring an ideal return. The takeaway here is: be wary of salesmen that try to convince you to convert more than one third of your retirement savings to a precious metals IRA.

## Scam # 4: Talked Into Opening “Leveraged” Accounts

Investing in so-called “leveraged” accounts is perhaps one of the most costly mistakes an investor can make. What is a leveraged account, you ask? It is an account in which a dealer offers to lend you money to buy additional gold on top of your cash investment. So for example, if you plan to invest \$10k in gold, the dealer may offer to loan you \$20k-\$40k to purchase additional bullion that will be stored in the account.

They may emphasize the point that “since the value of gold is likely to rise, you might as well maximize your return by borrowing funds to purchase more gold.” On the surface it seems logical, but then you learn about the seemingly unsurmountable gauntlet of fees that could even leave you in a position to take a loss.

*Before we proceed, we should note that these accounts are useless to you if you're trying to invest in a precious metals IRA, so avoid them altogether. Even if you're investing in gold outside of an IRA, consider the following:*

***Here's an example of what could go wrong when using leveraged accounts:***

You want to invest \$10k in gold. The dealer offers to loan you \$20k more to purchase more gold in a “leveraged” account. You agree and now you control \$30k in gold within your account, but you only had to pay \$10k up front. Sounds great, right? Suddenly gold experiences a short-term correction (temporary price drop) of 20%, placing the total value of your gold holdings at \$24,000.

Unfortunately, the dealer that talked you into the leveraged account probably didn't mention, or emphasize (or maybe you even overlooked) the fact that they'll be needing additional funds from you as a “margin call” to keep the account active, being that their loan (which in this case accounted for two thirds of the account), is now in jeopardy.

If they request a margin call of \$2,000 as a security, and you're unable to furnish those funds in time, they close the account, take their full loan of \$20k back and leave you with the remaining \$4,000. You just lost \$6,000 on a gold investment because you were unable to pay the margin call after a short-term correction.

Normally, if you were holding the bullion yourself and had not taken out a loan to buy two thirds of it, you would just hold onto your gold and wait for the price to start rising again, while also using the temporary price drop as an opportunity to add more bullion to your portfolio at a discounted price. With a leveraged account, however, a short-term price drop could mean big trouble.

But margin calls aren't the only shortcoming of leveraged accounts. Another major issue is that you're charged a commission on the entirety of the purchase, even the portion that was loaned to you by the dealer. For example, let's say the dealer's commission is 3%. You originally were going to invest \$10k, which would have made the commission \$300. Instead they loaned you another \$20k, making the total purchase worth \$30k, which incurred a 3% fee of \$900. That means that 9% of the initial 10k you invested goes straight to commissions for the dealer.

All of that still doesn't even take into account the interest on the loan, which is typically set at a rate of about 8% per year. Since you took out a \$20k loan, that results in an additional \$1600 annual charge. Thus, a \$900 commission for the dealer, added to \$1600 in interest in the first year, adds up to \$2,500 of your initial \$10k gone. None of this takes into account the slew of storage fees, administration fees, delivery fees, leasing fees, and transaction fees that you'll encounter.

We don't recommend leveraging any gold account, especially if you're a retirement investor. These accounts not only greatly reduce the likelihood of ever turning a profit from your investment, they also put you at risk to lose even more than you initially invested! There's always the risk that you could open a leveraged account thinking it's an investment and come out of the arrangement in debt.

## Scam #5: Financial Advisors Taking Excessive Commissions

It is also not uncommon for financial advisors to receive commissions on the sale of precious metals after recommending clients to a partnered bullion dealer. The advisors tack on a commission in addition to their partnered dealer's hefty markup, putting the total cost of the coins at 17% to 20% above spot price. While the financial advisors will likely recommend legitimate bullion coins, which normally would be ideal investment products for your IRA, the coins become a bitter investment when you take into account the money lost in sales commissions and mark-ups.

This practice is not only unscrupulous, it also may be illegal, as financial advisors have a fiduciary duty to act in the best interest of their clients financially. When they purposefully convince a client to buy grossly overpriced coins just to earn a sales commission, they're obviously not "acting in the best interest" of anyone but themselves and the bullion dealer they've partnered with.

Keep in mind that there's no reason to go through brokers, advisors, or any other middlemen when purchasing your precious metals. Going directly to the bullion dealer with your purchase will always get you the best deal possible. However, at the same time you'll want to choose a dealer that is partnered with one or more reputable IRA custodian(s), in order to simplify and streamline the process of having your bullion



deposited directly into your IRA. Also, some bullion dealers that specialize in IRA rollovers generally negotiate special deals with custodians and storage companies, so you could save hundreds or even thousands of dollars in annual fees by choosing a company that has negotiated such deals.

## 4. Understanding Prices in Gold Transactions

---

Now that we've introduced you to some of the most common scams and tactics seen in the precious metals industry, let's take a more fundamental look at how gold prices are formed:

There are three types of costs and price adjustments that influence the final price individual investors pay for coins and bars – the *spot price*, the *premium*, and the *mark-up*.

First, the live *spot price* is essentially the base price of gold that large banks and financial institutions pay at major bullion exchanges. Most of the trades that take place in these exchanges at spot price are futures contracts, in which the buyer does not take physical delivery of the metals. While most bullion dealers feature a live spot price tracker or chart on their site, don't fool yourself into thinking that is the actual price you'll pay for a 1 oz. bar or coin.

Next, there is a *premium* added to the spot price by the large wholesalers and suppliers of precious metals. These precious metals wholesalers are able to source precious metals from national mints at prices just above spot price. Such companies do not sell directly to individual investors. Instead, they supply precious metals to bullion dealers and retailers in bulk. The premium they add to their price is usually 1% to 5% above the spot price, depending on market conditions, supply/demand, outlook of gold prices, product type, and their arrangement with the retailer.

Once the retailer has purchased the bullion, they add their own *mark-up* to the cost, thus determining the final price individual investors will pay. For example, if a bullion dealer/retailer purchases precious metals wholesale at a premium of 3% above spot price, and they charge 8% above spot price, that would mean their total mark-up is 5%. While most companies we researched have a mark-up fee between 5% and 15%, some Gold IRA companies are known to charge up to 20% markup! We believe that under the current market conditions, investors should not pay more than 10% above spot price for bullion.

## 5. Questions to Ask Before Buying Gold for Your IRA

---

- **Are you willing to buy back the precious metals I purchase from you? If so, what is your spread?**

If a company is unwilling to buy back the products they sell you, this is a clear indicator that such products are not worth buying in the first place. This is one of the key differences between a trustworthy company and one that uses scam tactics. Scam artists typically sell products that either have no real value at all, or are worth much less than the price they were sold at.

Sometimes such companies will still offer to buy back the products they sell, but the spread will be very high. A high spread means the dealer will buy back the products at a price that is much lower than the original sales price, causing you to take a loss. Thus, it is always important to ask whether you'll be able to sell the products back to the dealer at a fair spread.

- **Are you sure the products I'm about to buy are eligible to be deposited into an IRA?**

Before going any further, make sure the dealer isn't trying to push numismatics, commemoratives, collectibles, rare coins, or anything other than standard bullion. If the sales rep doesn't know whether the products are eligible to be deposited into a Gold IRA, hang up the phone and look elsewhere.

- **Are you partnered with any IRA custodians and do you have any special deals with them?**

Bullion dealers should be transparent about the IRA custodian they deal with, as that is the company that will be holding your account and storing your gold in an approved depository. You should be able to get a straightforward answer here.

- **Do you offer any promotions to decrease the first-year costs of setting up a precious metals IRA?**

Some bullion dealers will willingly waive the first year's setup and storage/admin fees for a Gold IRA. These companies are usually trustworthy, as is evident by the fact that they

can afford to cover their clients' fees and stay in business without any complaints. Keep in mind that most dealers will only waive the fees for orders worth more than a certain dollar amount (i.e. - \$10,000).

- **Can you give me a straight answer on the total price of my order including all applicable fees and taxes?**

An honest dealer should be able to give you an exact total on the cost of your purchase before the order is made. You should not encounter any hidden or unexpected charges after the fact. This should be one of the last questions you ask before making a purchase.



## 6. The Different Allocations for Precious Metals

---

The question that comes up very often from both beginner and seasoned investors is: **how much should I invest, or what percentage of my portfolio should be dedicated to precious metals?**

Since there is no definite answer, let's look at these three different allocation strategies:

### Strategy #1: Lightly Allocated in Metals

An investor who is **lightly** allocated in gold would have **5% – 10%** of their IRA/portfolio in gold. This type of investor is somewhat confident in the economy, but wants to have at least a small measure of portfolio insurance.

In order to prevent an overweight in stocks or bonds, this type of investor should be looking to allocate lightly in commodities or currencies of financially stable countries.

### Strategy #2: Moderately Allocated in Metals

A moderate allocation to gold would be in the range of **15% – 25%** of IRA assets. Considering today's uncertain economic and political outlook, most investors likely fall into this category. The type of investor who is moderately allocated to gold understands the very real risks of investing in today's environment. This type of investor would like to be able to offset the losses that may occur if inflation heats up and soften the blow from any financial or systemic collapse.

### **Strategy #3: Heavily Weighted in Metals**

An IRA that has **30% – 50%** of assets in gold would be considered heavily weighted. This is NOT a strategy we recommend for beginner investors. An investor with such an allocation is committed to the premise that US government debt, Federal Reserve money printing, rising inflation and plummeting dollar will eventually cause financial havoc.

Investors with this heavy allocation to gold should be vigilant in their yearly reallocation because in the event of a runaway gold market, one should make sure to take gold profits off the table. By focusing too much on volatility of individual assets instead of the volatility **of the entire portfolio**, many people often do not have enough gold exposure for their long-term horizon. Provided that an investor rebalances their allocations each year, a higher percentage of gold in a portfolio has a volatility similar to an all-stocks portfolio, but its returns were appreciably higher.

Bottomline is, do your research, trust your gut, learn from history, and avoid the mistakes of others. Plan your IRA asset allocation *before* you invest.



Choose one that suits your long-term needs based on the amount of risk you think you can withstand, and make sure you rebalance your portfolio every year to maintain a stable risk exposure.

## **7. Review Companies Before You Invest!**

---

It is critical that you look up a company's reputation profile before moving over thousands of dollars to their corporate bank account. Below is a review table where you can find the latest ratings (as of 2016) of some of the most popular Gold IRA companies. Ratings are extracted from authority rating bureaus such as the BBB, BCA, TrustLink and others. **We have included the phone number of each company because we highly recommend that you call a few companies before making an investment decision.**

## TOP 5 RATED GOLD COMPANIES (2016)

COMPANY	BBB	BCA	
 <a href="http://www.RegalAssetsBullion.com">www.RegalAssetsBullion.com</a> (877)205-1104	<b>A+</b> 0 <a href="#">Complaints</a>	<b>AAA</b> 0 <a href="#">Complaints</a>	 (924 reviews)
 <a href="http://www.lexicapital.com">www.lexicapital.com</a> (800) 473-1213	<b>A+</b> 0 <a href="#">Complaints</a>	<b>AA</b> 0 <a href="#">Complaints</a>	 (3 reviews)
 <a href="http://www.advantagegold.com">www.advantagegold.com</a> (310) 800-2473	<b>A+</b> 1 <a href="#">Complaint</a>	<b>A</b> 0 <a href="#">Complaints</a>	 (149 reviews)
 <a href="http://www.AmericanBullion.com">www.AmericanBullion.com</a> 1-888-895-6950	<b>A+</b> 6 <a href="#">Complaints</a>	<b>AAA</b> 2 <a href="#">Complaints</a>	 (36 reviews)
 <a href="http://www.cornerstonebullion.com">www.cornerstonebullion.com</a> (800) 558-4671	<b>A+</b> 0 <a href="#">Complaints</a>	<b>AA</b> 0 <a href="#">Complaints</a>	 (3 reviews)

You can find more details about these reviews on our website ([www.goldiraguide.com/companies](http://www.goldiraguide.com/companies)).

## In 2016, We Recommend Regal Assets LLC

As you can see from the table above, we found out that California-based Regal Assets LLC

([www.RegalAssetsBullion.com](http://www.RegalAssetsBullion.com)) ranks the best across the board. In fact, the entire spectrum of its web presence and overall reputation seems close to perfect.

Some of the areas where Regal Assets outranked the competition include:

- Best ratings from the 2 largest review bureaus (BBB, BCA).
- Best reviews from existing clientbase (TrustLink).
- Fastest Gold IRA Setup (**24 hours**).
- Fastest Metals Delivery (**7 days maximum**).
- Flat-fee pricing model.
- **NEW:** Offshore storage option (**Singapore**). Regal Assets' CEO was very excited to tell us that they are the first to offer offshore storage secured by Brinks. This feature alone is bringing in many investors who prefer to keep their metals as far as possible from their banking system and government, out of reach for the IRS in case of a major systemic collapse.



Don't take our word for it, give them a call or request their free kit:

- Call **1-877-205-1104** to talk to a Gold IRA Specialist from Regal Assets
- Visit [www.RegalAssetsBullion.com](http://www.RegalAssetsBullion.com) to request their free investment kit

**NOTE:** don't take our word for it, call a few companies and make up your own mind. We're talking about investing for your future here, so don't just trust any website's recommendation without doing your due diligence.

## Print This PDF and Pass it Around

---

If you found the information in this guide helpful, we encourage you to share it with any investors that may need it. Anyone interested in buying precious metals for investment purposes should consider the information herein.

This report was researched and developed by the team at GoldIRAGuide.org. Investors interested in receiving a guide/report like this every week can sign up for the site's *free weekly newsletter*. Updates feature detailed reviews of the leading Gold IRA companies, bullion dealers, and custodians, as well as industry commentary, investment guides, and other educational material.

*GoldIRAGuide.org is a comprehensive informational resource for retirement investors that makes it easy to compare companies and learn about investing in precious metals within a self-directed IRA.*

**FTC Disclosure:** please keep in mind that we are 100% independent and not employed by any of the companies we reviewed in this document. We are a precious metals website devoted to helping people make a sound and safe gold investment. Also, the information in this PDF or our website does not constitute financial advice and should not be taken as such. You are encouraged to speak to your advisor before making any type of investment. Also, to meet our running costs, we do get compensated from some of the companies to conduct reviews of their products and services. This does not affect our reviews in any way since we use objective data from external review & rating bureaus.