

# How To Invest In GOLD

**With a Precious Metals IRA**



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# How to Invest in Gold with a Precious Metals IRA

by Christopher C. Odom

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# Chapter 1: Be Extremely Cautious of Gold Scams



*Figure 2: Scam Artist*

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

Additionally, retirement investors are now flocking to gold to protect the value of their wealth, there has also been an exponential increase in the overall number of unprincipled shady bullion companies that aim to profit from the modern “Gold Rush” by exploiting novice naïve investors with unscrupulous business practices, enforced sales tactics, and hidden charges.

Although, you can easily notice scams when you know what you are looking for, but for the inexperienced investor under the influence of a cunning salesman or impressive web page, it's not always easy to identify a genuine bullion service provider from a profit-oriented middleman that charges inordinate and undue premiums.

Those companies that specialize in precious metals IRA scams usually take advantage of the growing demand amongst retirement investors by convincing them and influencing their zeal to

purchase products that are either highly priced or unworthy investments altogether. Most times such products are sold at prices far above the fair market value of the precious metal content, and in some cases the coins do not even worth being deposited into a precious metals IRA.

This detailed research explains some of the most usual scams and strategies used by the unscrupulous financial advisors, agents, marketers, and investment firms operating with the sole aim of increasing their profits by deceiving you into “investing” in products and services that no genuine investor would ever think of.

We'll enlighten you, in this book, on how to steer clear of the vultures in the precious metals industry and also how to effectively make a well-informed buying decision when investing in a precious metals IRA.

Let us look at some of the slang 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:

## Chapter 2: The Best Gold IRA Vocabulary



*Figure 2: Expert Keyboard Key*

**Bullion** – Bullion traditionally stands for gold bars, silver bars, other precious metal bars, ingots, and coins that meet standard 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.

Some of the 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 or price of an item increases (appreciates) or decreases (depreciates) over a period of time. For instance, if you purchase a precious metal that costs \$50 today, and in 2 years, it is worth \$100, that implies it has appreciated in value by \$50, or 100% of its original price over a period 2 years.



**Historic Coins** – Term often used by companies to refer to coins that were minted and released before 1933. Also known as “Pre-1933” coins.

**Precious Metals IRA** – A self-directed Individual Retirement Account in which physical gold or other approved precious metals are held in custody for the benefit of the IRA owner. It functions the same as a regular IRA, only instead of holding paper assets, it holds physical bullion coins or bars. The investor can deposit these 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** – A unit of measure for the fineness of a precious metal. Pure gold is 24 karats; gold that is 50 percent pure is 12 karat unit used to measure the purity of a precious metal product. Though gold is considered pure at 24-karat, most gold on the market is mixed down to 22-karats so as to increase the strength of the metal.

**Liquidity** – A measure of the extent to which an asset can be quickly sold for cash. An investment with high liquidity quickly sells at any time in any marketplace for a fair price. There is a difference between liquidity and value. Sometimes a metal can be more valuable, but much harder to sell.

**Mark-up** – The difference between the cost of a metal and its selling price. That is, the difference between the cost a dealer pays for precious metals from their wholesale supplier and the retail price they charge their customers. For instance, if a dealer buys gold from their supplier at 5% above the spot price, and sells the same coin/bar at 10% above the spot price, then their total mark-up is 5 percentage points. A markup is added onto the total cost incurred by the retailer in order to cover the costs of doing business and create a profit.

**Premium** – The cost of any precious metals product plus the current spot price of its precious metal content. For example, if gold sells at the spot price of \$1,150 per ounce, and the dealer is selling a 1-ounce bar for \$1220, which would mean their premium is \$70, or 6% of the spot price (\$1150).

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

**Numismatic Coins** – These coins are usually used as collection items and gifts. They differ from bullion coins because their value is based on their condition, rarity, and mint date rather than their actual value or the value of the precious metals they contain.

**Spot Price** – The live price that financial institutions will pay for one ounce of precious metals from a major bullion exchange. It is the price that the precious metals wholesaler pays for their stock. Simply put, it is the wholesale price. The wholesaler adds a premium to the spot price before making sales to the retailer/dealer, who then sells the products to individual investors after adding their own mark-up. Dealers usually show the live spot price on their websites to help their customers determine how high their markups are.

**Spread** – The difference between the price a dealer sells his precious metals for and the price they buy them. When comparing companies to buy from, this is an important factor to consider. A good dealer will have a low spread – meaning they will buy precious metals at a price that is close to the price they will sell them.

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

Now you have become familiar with some of the main terminologies you will encounter when researching precious metals companies.

## Chapter 3: Gold Investing in a Precious Metals IRA



*Figure 3: IRA Scrabble Letters*

Before you are introduced to the scams and strategies most commonly used by shady companies, let's start by showing you what to look for in genuine companies. There are two types of companies that investors will have to compare side by side before they invest in a precious metals IRA:

### The Top Gold IRA Companies and Bullion Dealers to Buy Gold:

Your wish is to find an honorable, genuine precious metals dealer that will not charge you *unjust* fees, commissions, or premiums. It is usually advisable that if you intend to invest in a Gold IRA, you should deal with a dealer that can help you set up, fund, and directly deposit your bullion into your precious metals IRA. The following basic checklist will provide you answers to the questions needed to make you enlightened about your investment decision when choosing a bullion dealer or Gold IRA company:

#### *Reputation*

You can check their rating on leading business directories and ratings bureaus like the Better Business Bureau, Business Consumer Alliance, Google+, TrustLink, Yelp and Yellow Pages. A

company that satisfies its clients will have a high number of positive reviews on multiple sites, of course.

- *Will they help their clients with establishing and funding the best gold IRA? Do they make the process of depositing purchased bullion straight into a precious metals IRA?*

If they do not, you have no choice than to set up your own IRA with a custodian of your choice, and then you will ensure that your bullion dealer will be able to provide delivery of the precious metals into the IRA you set up. Try and look for leading bullion dealers that have dedicated sections of their websites to precious metals IRAs and have strong partnerships with the leading custodians to streamline and safeguard the investment procedure.

What products do they mainly sell and how does the company sell them? Do they try to sell you a pre-1933, collector's, numismatic coin when you inquire about purchases for your gold IRA?

Be cautious and steer clear of aggressive sales agents and companies that are quick to recommend any products other than bullion when you inquire about products for your Gold IRA. This is an apparent sign that their only aim is to earn commissions and more revenues from your order of purchase.

- Are offshore storage solutions available?

This is one feature that only the best bullion dealers and Gold IRA companies have implemented for the benefit and total satisfaction of their clients. A company that focuses on the satisfaction of their clients will go the extra mile to partner with storage providers who have offshore facilities in places like Shanghai, Hong Kong, Singapore and London.

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

## Precious Metals IRA or Gold IRA Trustee or Custodian:

The other company type that you have to be wary of when setting up a self-directed precious metals IRA is the custodian that will act as the trustee of your account. The following are some of the questions that has to be answered when comparing custodians:

*Are the storage and administration fees charged at a flat rate or on a sliding scale?*

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

*Are storage costs included in the annual fees or based upon the amount of precious metals that you store, will you have to pay a fee for your deposit?*

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

☐ *Find out which depository the company uses? Will the company allow you to select your own depository?*

Having the choice to choose your own depository do not always seem great though you may think it is. How sure are you that you'll choose the most cost-effective and safest depository? It's advisable you deal with a company that has established a cost-effective partnership with a leading custodian.

## Chapter 4: Five Top Gold Scams



*Figure 4: Scam Keys on Keyboard*

Now that you have clues about some of the positive features to find in a bullion dealer and/or custodian, without further fuss, we can have a closer look at some of the most common scams and scam-like activity experienced in the precious metals industry:

### Scam 1: Bait-and-Switch

This is exceedingly the most common way the precious metals agents or dealers persuade investors to pay more than they should for precious metals. In fact, most of these agents earn a major part of their gains by up-selling numismatic coins, instead of bullion coins (*bullion coins are the only kind of coin an investor ought to buy*). Many uninformed retirement investors have purchased numismatic coins only later discovering that they're not even worth being deposited into an IRA.

The first time you're actually on the phone with any of these shady company's sales reps, they'll convince you to buy numismatic coins, hyping up their value falsely with terms like “historic”, “rare”, “limited”, etc. Recommending products in addition to or apart from the items a buyer is interested in, is a practice termed up-selling (an important sign that a company is only looking to earn extra gain from your investments). They only care about selling you something extra or different, despite you not needing it.



- *There are quite a number of reasons to completely avoid numismatics, unless you are a highly experienced coin collector and/or you happen to purchase some of the very few numismatic coins that actually do appreciate in value. They include the following:*

### You Cannot Put Numismatics Coins into your Precious Metals IRA

The major and straightforward reason why retirement investors should avoid numismatic coins is that they are not allowed to be deposited into a precious metals IRA. If you're looking for investments for your [self-directed IRA](#), you must completely stay clear of numismatic coins and companies that try to upsell them when you ask them about bullion. An investor should note, first and foremost when investing in a precious metals IRA that *only bullion coins are* eligible to be deposited into an [IRA](#).

### Dealers Charge Absurd Commissions on Numismatic Coins

These dealers typically sell numismatic coins at prices 35% to 50% higher than the average price of the precious metals they contain. Great gains for them! Unfortunately for the investor, most numismatic coins will never appreciate in value enough to account for the commission alone, and even those that do, usually take decades to appreciate in value. You could wait for 20 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 ever.

Well, 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 thousands (even in rare cases \$100,000+), and when there are buyers and the economy is good, you may find it possible liquidating them, but such instances are very very rare, high-value coins cannot be bought in bulk as investments and are usually considered to be more like antiques/art.

### The Numismatics Coin Confiscation Scam

You may find some precious metals dealers trying to use a common scare tactic that genuine dealers call the Confiscation Con. They tell you that numismatic coins are the only types of coins that are “exempt from government confiscation.”

This whole argument is entirely based on a law passed back in 1933 by President Roosevelt – Executive Order 6102, which prohibited US citizens from hoarding gold privately. The law warned gold owners to turn over their gold bullion or face a \$10,000 fine (which amounts to \$167,700 in today's dollars) and/or 10 years imprisonment. The phrase, “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.”

Dealers like to highlight the words “rare”, “limited” and “unusual” to convince potential buyers that their numismatic coins would be exempted in case of a government confiscation. This may have been a cause for concern in 1933, but even then at the tip of the Roosevelt confiscation no cases of the government breaking into people's homes and safes to forcefully take their gold was reported.

The Roosevelt law didn't mean the people should turn in all their gold, or “we will come take it from you,” it simply meant that they should turn in all their gold or face a fine and/or be prosecuted when caught holding gold. The only one case heard of was the prosecution under the order of a lawyer in New York, which took place when he attempted to withdraw 5,000 troy ounces of gold at Chase Bank, and ironically he was not even convicted for it.

If the government were to really start seizing property for economic reasons, they will probably have to start first with assets like real estate, vehicles, and stock and bond certificates, all of which would be much easier to confiscate than gold. If that happens you'll have more to worry about than whether the numismatic coins in your collection are safe from the TSA officer that would hypothetically be tasked with job of confiscating your gold. Do you think that warning the TSA officer that he mustn't touch those, “because they are numismatic”, would keep him from doing so?

The basic truth is that the vast majority of numismatic coins would under no circumstances be considered “limited”, “rare” or “unusual” so as to be excluded from a confiscation, which may not even happen (or may happen). The fact is the law does not mention the term “numismatic” at all.

A lot of dealers will definitely persuade you into purchasing what is commonly referred to as “pre-1933” coins, which are allegedly the “only coins exempt from confiscation.” This is absolutely false and you can even find it comical, because more than 95% of the gold that was confiscated in 1933 during the devaluation of the dollar were *gold coins that were minted before 1933*. Major quantity of the gold was willingly exchanged at the bank for paper money at the rate of \$35/ounce, which was a \$15 increase than the \$20.67/ounce value that gold held at the time prior to the confiscation scheme.

Many of the gold keepers 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 type of scenario being displayed by aggressive and unscrupulous dealers 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 and “confiscate” your bullion coins.

### Numismatic Coins Are Not Very Liquid

This implies that relatively few individuals and companies are out there who will buy your numismatic coins from you if you ever decide to liquidate them into cash, so you will essentially be stuck with them most times.

Note that there is no easy market for selling numismatic coins; most times the dealer who sold them to you will only buy them back at a price much lower than what you paid. In contrast, bullion coins are readily accepted and purchased at close to spot price all around the world's international markets.

Normally, an investor must not have any trouble in turning their physical precious metals into cash. Gold, silver and other precious metals have consistently been ranked as some of the most liquid assets throughout history. Consider why numismatic coins are so difficult to sell for a fair price, despite their precious metals content. This is a testament to how terrible investing in these coins really are.

Believe that numismatic coins have the lowest liquidity of any form of precious metals in history and they're usually difficult to get rid of. If you do find a buyer, you'll be very lucky to get back what you paid for which is really a rare case.

## Rarely Will the Value of Numismatic Coins Increase

In conclusion, the major reason to avoid numismatic coins and companies that try to push them on you is that they are practically worthless as “investments.”

If you listen to the smooth word-of-mouth of the average coin dealer, you'd probably fall under the false impression that “numismatics *can be* more profitable than bullion coins.” This is a blatant false assertion that they often try to bolster with charts that are purposefully built to highlight the tiny minority of numismatic coins that had done well in time past.

Such lucrative numismatic coins are hand-picked in hindsight, and their success is certainly not typical of all numismatic coins. Believe that it is *extremely impossible* to be among the lucky ones that invest in the few numismatic coins that could eventually become worth more than the price they were purchased for. Simply put, numismatic coins are speculative, very high-risk investments.

If you comparing 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 in the last 10 years, you will 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” Scam: Don’t Pay More for So-Called Graded or Certified Bullion Coins



*Figure 5: No Certification Symbol*

Here is another common scam tactic employed by some bullion dealers to deceive buyers into paying inflated prices for completely unnecessary certification.

Top coin grading services like the American Coin Club Grading Service (ACCGS) and the Professional Coin Grading Service (PCGS) normally give collectors a way to have their coins graded and certified by an expert. The coin's condition is graded on a 70-point Sheldon Scale, with the highest grade being Mint State 70 (MS-70).

Indeed, these are very beneficial to collectors of rare coins, especially in the case of older and more valuable pieces. A coin from 1850, for instance, that is graded MS-70 would apparently have a much higher value than a badly worn coin from the same year.

However, when buying brand new bullion for your Gold IRA, you have no reasons to worry about the condition of the coins because all of the coins and bars you buy will be in flawless condition.

If, for example, you purchase a bunch of 2014 American Gold Eagles for your precious metals IRA, the coins would all be in MS-70 condition, and it would be shipped directly to a secure depository, where their condition is unlikely to change any time soon. But that scenario doesn't stop bullion dealers from offering *overpriced* and overhyped “certified” versions of freshly minted bullion coins.

You will likely see bullion dealers charging you \$50-\$80 extra for the graded versions of new bullion coins whereas it costs about \$9 to have a coin graded doing the same services yourself. A 1 oz. 2014 American Gold Eagle, for example, might cost \$1,255 without grading, or \$1,325 with the grading. Graded bullion coins may turn to collectibles, because no serious investor would be willing to short themselves of \$50-\$75 extra on each coin for certification, when they could easily have the coins certified by themselves at only \$9 extra per coin.

Additionally, there is no point 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 nothing but a bad investment decision, yet you can hardly see companies convincing their clients into doing that.



*Figure 6: No Bullies*



## Scam 3: Don't be Bullied into Converting All or Most of Your Money into Precious Metals

Another common strategy used by profit-focused salesmen in this industry is to persuade the client that their entire portfolio is essentially at risk unless it is entirely converted into precious metals as soon **ASAP**. They will try to convince 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 acting against your best interest.

No one should recommend that you put all your eggs in the same basket as investment is, and will always be all about balance.

A reputable and experienced **IRA** investment specialist would never instruct a client to convert all or most of their assets into gold or any other single asset type, never. Instead, they will recommend investing *between 5% to 25%* of your retirement savings towards precious metals, advising you on the level of risk to take, your investment goals, and your confidence in the economy and lastly the strength of the dollar. See the **HOW TO ALLOCATE PRECIOUS METALS** section of this document to learn more about some of the most effective metal allocation strategies.

If precious metals are that safe, why not convert *all* of your assets to them? Retirement investors must use their savings cautiously to generate a maximum revenue, and while it is likely that precious metals could provide a substantial return in the next decade, it is never advisable putting all your eggs in a basket.

It is not recommended to devote more than 1/3 of your portfolio to precious metals investments in most cases. The reason being that, although precious metals carry the potential to increase in value exponentially and act as a great hedge against inflation, they are not usually the most profitable investments in the short-term and it is very likely that they will not create for you a residual income in retirement like some other investments can.

The best way to protect the value of your savings while also ensuring an expected return is diversifying your portfolio. You only have to be wary of dealers and shady companies that try to

convince you to convert more than one third of your retirement savings into a precious metals IRA.



*Figure 7: Caution Symbol*

## Scam 4: Leveraged Accounts and Why to Avoid Them

One of the costliest mistakes an investor can make is investing in the so-called “leveraged” accounts. Wondering what a leveraged account is? This is an account in which a dealer offers to lend you money to buy additional gold on top of your cash investment. So if you plan to invest \$10k in gold, for example, the dealer may offer to lend you \$20k-\$40k to buy additional bullion that will be stored in the account.

They may state categorically that “you should maximize your return by borrowing funds to purchase more gold since the gold’s value is likely to rise any moment from now.” That may seem logical, but when you learn about the apparently insurmountable fees involved you are most likely to be in a position of loss.

*If you are trying to invest in a precious metals IRA, note that these accounts are useless to you, so better avoid them altogether. Consider the following, even if you're investing in gold outside of an IRA:*

Here’s a possibility of what go go wrong when you are using a leveraged account:

Let's say you want to invest \$10k in gold. The dealer offers to loan you \$20k to purchase more gold into a "leveraged" account. You agree and now have \$30k in gold in your account, but you only have to pay \$10k up front. Good business, right? Then, gold experiences a temporary price drop of 20%, placing the total value of your gold holdings at \$24,000.

The dealer that smooth talked you into the leveraged account probably, didn't mention the fact that they'll require more funds from you as a "margin call" to keep the account active, being that their loan (which now accounts for two thirds of your account) is now in jeopardy.

Assuming they request a margin call of \$2,500 as security, and you're unable to provide those funds on time, they will close down the account, take back their complete \$20k loan and leave you hanging with the remaining \$4,000. That's \$6,000 loss for you on a gold investment because of your inability to pay the margin call after a short-term correction.

Normally, if you had not taken out a loan to buy two thirds of it and you were holding the bullion yourself, what you just do in such situation is to 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. Simply put, with a leveraged account, a short-term price drop could turn out to be big trouble.

Anyway, margin calls are not the only disadvantage of leveraged accounts. Another major issue is that you will be charged a commission on the entirety of the purchase, even if the dealer loans you the portion. For example, assuming the dealer's commission is 3% and you had in mind to invest \$10k, which makes the commission \$300. Instead, you were loaned another \$20k, making the total purchase worth \$30k, which incurred a 3% fee of \$900. That means 9% of your initial 10k invested goes straight to commissions for the dealer.

All of these do not still take into account the interest on the loan, which is normally set at a rate of about 8% per year. Since you took out a \$20k loan, that results in an extra \$1600 annual charge. Thus, a \$1600 interest in the first year, added to \$900 commission for the dealer, makes up \$2,500 meaning 25% of your initial \$10k is gone. None of this takes into account the slew of storage fees, administration fees, delivery fees, leasing fees, and transaction fees that you will encounter.

It is not advisable leveraging any gold account, especially when you're a retirement investor. These accounts do not only greatly reduce the likelihood of ever making profit from your investment, they also put you at risk to lose even more than you initially invested! You also have to be careful as 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.



*Figure 8: No Hidden Fees*

## **Scam 5: Excessive Commissions from Financial Advisors**

It is common for financial advisors to get commissions on the sale of precious metals when they recommend clients to a partnered bullion dealer. They fix a commission in addition to their partnered dealer's high markup, putting the total cost of the coins at 17% to 20% above spot price. While legitimate bullion coins usually would be ideal investment products for your IRA as recommended by the financial advisors, the coins usually become a bitter investment when the money lost in sales commissions and mark-ups are taken into account.

This practice is not only unscrupulous but also illegal, as financial advisors' fiduciary duty is to financially act in the best interest of their clients always. When they forcefully persuade a client to buy grossly overpriced coins just to earn a sales commission, they're apparently not acting in their client's best interest but themselves and the bullion dealer they're partnering with.

Note that there's no reason to go through retailers, 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, you'll want to choose a dealer that is partnered with one or more reputable **IRA** custodian(s), so as to simplify and streamline the process of having your bullion deposited directly into your **IRA**. Similarly, there are bullion dealers that specialize in **IRA** rollovers and they generally negotiate special deals with custodians and storage companies, so by choosing a company that has negotiated such deals, you have a higher chance to save hundreds or even thousands of dollars in annual fees.

## Chapter 5: Gold Transactions and Gold Prices



*Figure 9: Money Changing Hands*

You are now familiar with some of the most common scams and tactics seen in the precious metals industry, so we can take a more fundamental look at how gold prices are formed:

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

Firstly, the *spot price* is 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, where the buyer does not take physical delivery of the metals. Most bullion dealers usually feature a live spot price tracker or chart on their site, but don't think that is the actual price you'll pay for a 1 oz. bar or coin.

Secondly, a *premium* is added to the spot price by majority of wholesalers and suppliers of precious metals. These precious metals wholesalers usually source precious metals from national mints at prices a little above the spot price. Such companies don't sell directly to individual investors, but supply precious metals to bullion dealers and retailers in bulk. They add to their price a premium usually 1% to 5% above the spot price, depending on market conditions, outlook of gold prices, product type, supply/demand, and their arrangement with the retailer.

Once the retailer buys the bullion, they determine the final price individual investors will pay by adding their own *mark-up* to the cost. Assuming a bullion dealer/retailer purchases precious metals



wholesale at a premium of 3% above spot price, and they charge 8% above spot price, that means their total mark-up is 5%.

While most companies researched by our team have a mark-up fee between 5% and 15%, we found that some Gold IRA companies charge up to 20% markup! Under the current market conditions, investors should not pay more than 10% above spot price for bullion.

## Chapter 6: Before Buying a Gold IRA, Ask these Questions



*Figure 10: Getting Advice*

Will the company buy back precious metals you purchased from the company, and if so, with what spread?

If a company is not willing to buy back the products you purchased from them, this is a top clue that such products are not worth buying in the first place. This is one of the important differences between a trustworthy company and one that uses scam strategies. Scam dealers typically sell products that either have no real value at all, or are worth much less than the price they were sold at.

Such companies at times will still offer to buy back the products they sell, but the spread will be very high. A higher spread implies 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.

Does the gold dealer know if the products you are buying can be placed into a precious metals IRA?

Always ensure the dealer does not try to push numismatics, commemoratives, collectibles, rare coins, or any other thing apart from the standard bullion. If the sales rep doesn't know whether the products are eligible to be deposited into a Gold IRA, ignore him and look elsewhere.

Do they partner with any IRA custodians? What deals, if any, does the company have with them?

Bullion dealers must let you know 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 get a straightforward answer from there.

Are there any promotions, such as reduced costs of the first year of establishing a precious metals IRA?

Trustworthy bullion dealers will willingly waive the first year's setup and storage/admin fees for a Gold IRA, as is evident by the fact that they can afford to cover their clients' fees and stay in business without complaining. Note that most dealers will only waive the orders fees worth more than a certain dollar amount (like - \$10,000).

Can the precious metals IRA company clearly inform you on the complete price of your order with all applicable taxes and fees?

A genuine dealer will give you an exact sum on the cost of your purchase even before the order is made. You must not encounter any hidden or unexpected charges after that. This should be one of last questions you ask before making a purchase.

## Chapter 7: How to Allocate Precious Metals



*Figure 11: Gold Balance Scale*

The question that comes up most times from both beginner and seasoned investors is: how much should I invest, or what percentage of my portfolio do I dedicate to precious metals?

We look at these three different allocation strategies, since there is really no definite answer:

### Strategy 1: Small Allocation of Precious Metals

Any investor who is lightly allocated in gold would be in the range of 5% – 10% of their IRA/portfolio in gold. This investor will want to have at least a small measure of portfolio insurance as he is to some extent confident in the economy.

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

### Strategy #2: Moderate Allocation of Precious Metals

Any investor who is moderately allocated to gold would have 15% – 25% of IRA assets. Most investors you see likely fall into this category considering today's uncertain economic and political outlook. The investor who is moderately allocated to gold usually understands the very real risks of

investing in today's environment. This investor is usually able to offset the losses that may occur if inflation heats up and soften the blow from any financial or systemic collapse.

### Strategy #3: Large Allocation of Precious Metals

Any investor who is heavily allocated to gold would have **30% - 50%** of IRA assets. The investor is usually committed to the premise that US government debt, Federal Reserve money printing, rising inflation and plummeting dollar and this will eventually cause financial havoc.

Investors heavily allocated to gold should be wary in their yearly reallocation because in the event of a runaway gold market, they must ensure to take gold profits off the table. With too much focus on volatility of individual assets instead of the volatility **of the entire portfolio**, many people most times do not have enough gold exposure for their long-term horizon. A higher percentage of gold in a portfolio has a volatility similar to an all-stocks portfolio provided that an investor rebalances their allocations each year, but its returns would appreciably be higher.

Do your research, have no fear, learn from history, and avoid the mistakes of others. Ensure you plan your IRA asset allocation *before* you invest.

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

## Chapter 8: Investigate Several Gold IRA Companies Before Investing



*Figure 12: Investigations Magnifying Glass*

It is essential that you check a company's reputation profile before wiring over thousands of dollars to their bank account. You can find the latest ratings (as of July 2020) of some of the most popular Gold IRA companies in the review table below. Ratings are carved out 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.**

OUR RANK	COMPANY			TrustLink	FRAUD / LAWSUITS	TOTAL ANNUAL FEES	FULL REVIEW
1	<b>Regal Assets</b> www.regalassetsbullion.com (877) 205-1104	A+	AAA	762 reviews	NIL	\$250 per year flat-rate 1st year free	View full review
2	<b>LEKI Capital</b> www.lekicapital.com (800) 473-1213	A	AA	3 reviews	NIL	\$250 per year flat-rate	View full review
3	<b>Cornerstone Bullion</b> www.cornerstonebullion.com (800) 558-4671	A+	AA	3 reviews	NIL	\$200 per year Choice*	View full review
4	<b>Monex</b> www.monex.com 1-800-997-7859	A+	AAA	379 reviews	1 Complaint	\$360+ per year (scaled)	View full review
5	<b>Wholesale Direct Metals</b> www.wholesaledirectmetals.com (800) 226-8106	A+	AAA	9 reviews	NIL	N/A	View full review
6	<b>California Numismatic Investments</b> www.goldsilver.com (800) 225-7531	A+	AAA	5 reviews	1 Complaint	N/A	View full review
7	<b>GoldSilver</b> www.goldsilver.com (888) 319-8166	A+	AAA	3 reviews	1 Complaint	\$300 per year flat-rate	View full review
8	<b>Rosland Capital</b> www.roslandcapital.com (800) 461-1246	A	AAA	18 reviews	6 Complaints	\$225 per year flat-rate	View full review
9	<b>APMEX</b> www.apmex.com (800) 375-9006	A+	AAA	1 review	NIL	\$175 + per year (scaled)	View full review
10	<b>Austin Rare Coins</b> www.austinrarecoins.com 1-800-928-6468	A+	AAA	0 reviews	4 Complaints	N/A	View full review

*Figure 13: Top Gold IRA Companies Reviews*

Kindly find more details about these reviews on our [website](#).

## Chapter 9: Why We Recommend American Bullion



*Figure 14: American Bullion Logo*

As illustrated in our Top Gold IRA Companies Reviews table, [American Bullion](#) in Los Angeles earns our first-place recommendation. The company services the IRA-grade coins and bars niche feature a broad selection of rare and collectible coins.

### Key Areas Where American Bullion Scores Head of its Class:

Scores the best ratings from the [Better Business Bureau \(BBB\)](#) and [Business Consumer Alliance \(BCA\)](#), the largest two review bureaus

Highest favorable reviews in [TrustLink](#) from its current client base

The United States Mint lists them as an official gold dealer

American Numismatic Association, verified member organization

For sophisticated and novice investors alike, American Bullion is an excellent choice for investing in precious metals with a retirement account for the purpose of diversifying your portfolio and protecting your wealth. The company is also an ideal choice for both gold collectors and gold investors for rare bullion coins worldwide.



Form your Own Opinion. Contact American Bullion:

Call (888) 204-0315 to request a [FREE Gold Buyers Guide](#)



*Figure 15: American Bullion Banner*

## Chapter 10: Please Review & Share this Book



*Figure 18: Share Scrabble Letters*

We implore you to review and share the information in this book with any investors that may need it, if you found it helpful. Anybody interested in buying precious metals for investment purposes will find the information herein useful.

We would be extremely grateful if you could take just 30 seconds to leave an excellent rating, positive review, and share this book.

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

We provide a comprehensive informational resource for retirement investors that makes it easier to compare companies and learn about investing in precious metals within a self-directed IRA.

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