



Why own gold, silver and platinum?

Precious metals are historically considered a hedge against inflation and not a "get rich quick" item as pushed on many TV and radio ads. They are a way to protect your cash assets from inflation or devaluation of a currency. Gold, silver and platinum are considered "real money." Coins issued in the United States BEFORE 1965 were made of 90% Silver. These included dimes, quarters and half dollars and contain .7236 ounces of pure silver in every \$1 face, when newly issued. \$10 face value is equal to 7.236 ounces and \$1000 has 723.60 ounces. The silver dollar, which is also 90% silver, has .77 of an ounce of pure silver.

An Example:

In 1927 Charles Lindbergh pitched Hart, Schaffner and Marx Suits for \$42.95, the same as 43 silver dollars, then available at the bank. In 1970 Hart suits sold for \$165 and then 43 silver dollars were worth \$150.50(in silver). In 1996 the suits were \$395 and 43 silver dollars were worth \$387, and in 2008 \$695 for the suit, and 43 silver dollars were worth \$688. In 2009? Well, silver dropped a little, and I would bet you could go find a nice Hart suit on "Sale" for about \$525. So, although the price of silver went down in US Dollars, the purchasing power remains consistent. This is the theory of precious metals investing.....

TO PROTECT YOUR WEALTH FROM INFLATION.

Here are a few other examples:

Sirloin Steak

1952 \$.55/lb = 1 Silver 25c & 3 10c

2009 \$ 5.99/lb 1 Silver 25c & 3 10c .55 x 12.00 = 6.60



Gas (gallon)

1960 \$.30 = 3 Silver Dimes

2001 \$ 1.10 .3 x .35 = 1.05

2008 \$ 3.78 .3 x 12.00 = 3.60

Kellogg's Corn Flakes

1964 \$.25 = .25 Silver Qtr

2009 \$ 2.99 .25 x 12.00 = 3.00



Silver coins are real money.

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Investing In Gold, Silver, and Platinum

by Nick Hauser, Hauser's Coin Company, Inc.

Seldom a day goes by that someone does not ask why buy precious metals or what is the best way to buy. I have written this to answer the most commonly asked questions. The opinions are mine and not recommended as a way to invest in any of the products listed. I have simplified all the information here. There are entire books written on the subject which go into much more detail. I do believe that gold, silver, or platinum should be a portion of everyone's investment portfolio. However, more as an insurance policy than an investment. Gold, silver, and platinum are considered hard money. When a country issues a currency that is backed by one or more of these metals, the money is more likely to hold its value and also keep inflation under control.

Over the years the United States has issued a variety of currency from promissory notes to gold and silver certificates. Until the early 1970's foreign governments could demand gold for any of our currency and sometimes did. Now our currency is not backed by any precious metals, but by Treasury Bills or bonds; in other words, by paper or national debt. The theory is that the government will collect more taxes each year and therefore have enough money to cover the debt. In short, this year is better than last year, and next year will be better than this year. Should this not happen, the government just prints more money. This can cause inflation and devaluation of its currency.



Inflation is also caused by more money than goods or services available. As an example, a government increases the money supply without a corresponding increase in goods and services, better known as the gross national product, we have inflation. Our country has been doing this for years, and our national debt is *trillions of dollars*. Increased spending for a variety of security measures, health and bailouts, will make it impossible to keep debt from increasing without cutting government programs. Something that Congress and the President seem to refuse to do, even if the programs are not necessary for our country to prosper or maintain our way of life.

This brings us to the reason for having *at least* 5% to 10% of your total assets in precious metals. It is like having an insurance policy against financial disaster in our country or world markets. The metals should be kept where you can get your hands on them on short notice. The cardinal rule for buying precious metals is to *take delivery*. It would be unwise to have the metals stored where you purchase them as you lose control of who has access. *We prefer payment by check and deliver goods when the check clears.*

Many people are concerned about confiscation of precious metals by the government. In 1933, President Franklin Roosevelt issued an executive order, "Persons are ordered to surrender all gold bullion and gold coins, except those of special value to collectors of rare and unusual coins...." The intent was to free money that was thought to be stagnating in gold. The nation was in the middle of the great depression and supposedly this would stimulate the economy and spur recovery. The people lined up at banks to turn in their gold coins, which, by the way, contained more gold than the face value of the coins. Today I believe that this is of little threat, it would damage the dollar's standing in the country and the world, causing panic selling of the US dollar. The government currently makes and sells gold coins to the public, and this is a big source of income for the mint.

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TAXES AND TO REPORTING LAWS

In Florida, US coins are exempt from sales tax. All bullion bars and foreign coins are exempt from sales tax on sales of \$500 or more. The Hauser family was instrumental in getting this exemption. When purchasing precious metals there is no reporting of the purchase, *unless your purchase is made in cash*, in the amount of \$10,000.00 or more. This rule applies to *any transaction*, not just precious metals.

When selling your coins, some items must be reported on a 1099 form if they meet federal requirements: \$1000.00 face value of US silver coins, 25 ounces of South African Krugerrands, Mexican gold onzas, or Canadian gold Mapleleaves. Also, to be reported are 1000 ounces of silver, 32.15 ounces of .995 fine gold, 100 ounces of palladium bars, or 25 ounces of platinum bars. Currently no reporting requirements are on any American Eagle products. New 911 laws have increased reporting of purchases and sales even under \$10,000. I am not a CPA and not about to give financial advice I recommend you talk to your CPA when selling on whether you need to report a profit or loss on the sale.

WHAT TO BUY

I could list hundreds of options that you could buy. I will stay with the most common and easiest products to buy and sell. The prices are based on the current metals price. The quantity you buy does affect the final price. Buying a 1/10 ounce gold coin the premiums are higher because it cost the same to produce a 1/10 ounce coin as a one ounce coin except for the amount of gold. Most governments have suspended issuing fractional coins at this time, causing a higher price on fractional coins.

GOLD

I believe that the best buy is the American Eagle, Canadian Mapleleaf, or Krugerrand coins. All of these products come in 1/10, 1/4, 1/2, and one ounce sizes. The American Eagle gold coins are the most popular and what we generally recommend. From time to time we may recommend other products if supply shortages make one product a better buy than others. The larger the quantity the the better the price. As you can see on the chart below. Premiums are subject to markets changes.

One Ounce Coin	Singles	20 coins	100 coins
American Eagles	6.50%	6.00%	5.75%
Krugerrands	6.00%	5.75%	5.00%

The beauty and power of America, captured in the graceful Striding Liberty design by Augustus Saint Gaudens for the 1907-1933 \$20 U.S. Double Eagle gold coin is the basis for the American Gold Eagle coin. The reverse depicts a nest of American eagles signifying the strength and security of American families. These are the only gold coins whose quality and purity are guaranteed by the U.S. government. And by law, only gold mined in The United States is used in the minting of American Gold Eagles. Since its introduction in 1986, its four sizes, 1 oz., 1/2 oz., 1/4 oz. and 1/10 oz., have become the world's most widely traded gold bullion coins.



This is not an offer to buy or sell any of the products listed, and is only a basic guide to buying and selling metals. Like stocks, precious metals are subject to volatile market. I am not an investment advisor; this reflects my ideas for investing in metals.

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SILVER
U.S. 90% SILVER COINS

These are dimes, quarters, and half dollars issued BEFORE 1965, sometimes referred to as "junk" silver coins because they are traded for the silver value, not the collector value. These coins, in theory, have .723 of an ounce of pure silver in each one dollar face in coin. Generally quoted in bags of \$1000.00, however we offer them in \$100 bags.. To figure the approximate silver value take the spot price of silver times .723. Silver trading at \$10.00 means there is \$7.23 in silver in a dollar worth of coin, if the coins were brand new. The actual price they are trading for depends on the price of silver and the supply available, but multiplying .72 times the price of silver will give you a good guide as to the current value. The US silver dollars dated before 1936 contain .77 of an ounce of silver trade at a higher rate due to smaller supply.

SILVER AMERICAN EAGLES

These are one ounce silver coins produced by the US Mint and carry a \$1.00 face value, made of .999 fine silver. The coins are sold by the US Mint to a few selected distributors at approximately \$1.50 over spot. The high premium over spot makes this somewhat restrictive to investors. Single coins cost about \$4 over spot price of silver, while 1000 ounce lots can be as low as \$1.75 over spot. The smaller the quantity you buy the more over spot you can expect to pay. Keep in mind dealers such as myself have to pay about \$1.65 over spot in lots of 1000.

SILVER BARS

These can be purchased in anything from one ounce rounds to 1000 ounce bars. The quantity purchased determines the amount over spot you may have to pay. For example, buying one ounce cost \$2 over spot, 100 at \$1 over spot and a 1000 ounces is only 75 cents over spot.

PLATINUM

The variety of products available is less on platinum, however, I believe platinum is a good value. Platinum has important industrial uses and is more rare than gold. I expect it will increase in value and will protect you in financial crisis. The American Eagle and Canadian Mapleleaf are the most popular platinum coins, bars are also available. Both of these products come in 1/10, 1/4, 1/2, and one ounce sizes. The US is not currently issuing any platinum coins and premiums are much higher than gold coins.



BUYING AND SELLING COINS SINCE 1963.

**3425 S. Florida Ave.,
Lakeland, Florida 33803 (863) 647-2052**

**2790 Gulf-to-Bay Blvd., Suite D,
Clearwater, Florida 33759 (727) 726-9555**

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