

# **Some tips on buying physical gold and silver**

May 2019

Buying precious metals is a lot like buying wine. It's important to not only know where it comes from, but also, how and where it's being stored. It's all very well "getting a great deal" on a case of wine, but when you come to sell it, people want to know about its history. And unless they're happy, there's a good chance you'll sell it for less than you want....."giving them a great deal"....and so it goes on.

It's the same with gold.

It's very important to not only acquire it from a reputable dealer, but also store it correctly. Invariably with the people you bought it from. If it hasn't left their premises they've got no reason to question its integrity. And there's a lot of fake gold about.

I'll get onto some sources in a minute. But you also need to think about why you're buying it.

I recently did an interview with IG Index and Ross Norman, the CEO at Sharps Pixley. During the chat Ross picked up a Kilo bar of gold and waived it in the air – telling us it was worth more than \$30,000. Whilst this was great evidence of both the high value as well as portability of gold. It was not perhaps the best way to hold gold if you want it for insurance.

That's why, your it's important to remember why you're buying it in the first place.

If for example, it's for insurance, then having all your gold in once chunky bar worth \$30,000 may not make a whole load of sense. It maybe ok if you want to buy a car....but not if you just need some petrol!

Personally, I'd recommend having at least some gold in lower denomination coins – such as Gold Britannia's, Gold Sovereigns or Half Sovereign's. You need to check with your dealer, but these three coins should be Capital Gains Tax Free for UK residents.

Which leads me on to my first link....

<https://www.bullionbypost.co.uk/gold-coins/>

Personally, I use Bullion by Post for buying, storing and selling coins. You need to get advice from your financial advisor on this. And also be aware that you may buy the coins at a small premium to the spot price as well as sell them for a modest discount (which is how they make their money).

I've used them before and find them to be very helpful and efficient. From an insurance perspective, I think coins make a lot of sense, because they're portable.

However, if you're expecting some form of Armageddon, you may also want to think about having some silver coins – because of the lower denomination.

As you can see from the bullion by post website, the smallest denomination for a gold coin is over £100. Probably fine if you're buying an airline ticket, but you could be into a spot of bother if you're just looking to get some groceries.

Needless to say, silver coins come with issues. The first one being storage costs. Because gold is so valuable it takes up a relatively small space to store, so storage costs relative to the value of the coin are quite reasonable. Unfortunately, the same can't be said for silver coins. These tend to be larger and are worth considerably less. So you may want to think about making alternative storage arrangements.

The second issue is VAT. Whilst gold coins don't attract VAT, silver coins do, therefore you're automatically losing 20% of the value from the outset. Given the potential for the silver price to go up and the "usability" of the coins, it may make sense to have a few. But you need to be aware of these two factors before making any major decisions.

Moving on to what I would view as the "next tier"

If you're looking to deploy more than say £50,000 into gold (this is a somewhat arbitrary number so please discuss it with

your advisor), then you may also want to consider Sharps Pixley.

My second link.....

<https://www.sharpspixley.com>

Although it's probably sensible to have some gold at each of these establishments, I'd say that Sharps Pixley (which is owned by Degussa – Europe's largest precious metal's dealer) are more suited to "High net worth" individuals. It would be no surprise to me if some of their clients have bought several million dollars worth of gold from them.

So I would classify them in the Mid-tier. That's not to say you can't buy coins from them, you can. But I think they're more geared towards wealthier customers.

For those of you looking to deploy what I would consider a lot of capital to buying physical gold, then you may also want to take a look at Gold Switzerland. These guys don't really get out of bed for orders less than £200,000, but if that's what you're looking to do, then it probably makes sense to get in touch with them.

Here is my third link....to their website...

<https://goldswitzerland.com>

### **IMPORTANT INFORMATION**

In all cases, you must carry out your own due diligence and get advice from a professional financial advisor before buying anything from these organisations. Similarly, if insurance is one reason you're buying, it could well be sensible to diversify your investment.