



A GUIDE TO SILVER COIN INVESTING

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Why Silver?

As you know, investments can be risky business. People in real estate, starting in about 2008, got stuck with the short end of a pretty volatile stick. Commodities investments can be more stable, but where's the money right now? If you're interested in the commodities markets, you may have heard a lot recently about gold. However, we'd like to introduce you to another commodity that's got airtight stability as well as a huge potential for payoff in the years to come: silver.

Why silver? Well, where do we start? Like gold, it's a liquid asset that you can cash in anytime, unlike a house. It can be stored easily, unlike oil or food. But silver



is relatively inexpensive — certainly less so than gold — so there's less money down. Yet its value does not depend on what happens to the monetary system. Suppose the worst were to happen to the financial world: our banking system collapses, or our money becomes almost worthless due to hyper-inflation. Silver would still have intrinsic value, and could be used as money. Silver is relatively unknown to the mainstream investments crowd, and very few people are aware of its benefits. To understand where silver is today, let's look at a little history.



A Brief History

Silver coinage has been used as money for thousands of years. Its intrinsic value as jewelry and industrial metal is well-established. Historically, the relative value of silver and gold have been tracked together. In 1792, the U.S. Treasury established the price ratio of silver to gold as 1:15. This made sense since at the time that reflected the ratio of gold to silver that was being mined. In the late 1800s, new mining opportunities in the Western U.S. such as the Comstock Lode added large amounts of silver to the market. By the 1920s, the silver-to-gold price ratio was down to about 1:100.



But the 1800s also saw the dawn of the industrial age, which continues today. Silver's use as electrical conductor, heat conductor, catalyst, and alloy came into its own. In 1940, about 10 billion ounces of silver was available in the world, and the U.S. Government owned

half of it. After more than 60 years of very rapid consumption, the U.S. Government now owns no silver. There is much more gold than silver available now. Yet the price of silver continues to be very low. By now, you probably see where this is headed.



Where and How to Get It

So how best to invest in silver? The largest stockpiles of silver today are owned by the commodity exchange-traded funds (ETFs). ETFs are what most investment advisors will be familiar with, so as awareness of silver grows, most people will go to them. However, ETFs are not necessarily the best option, as they're administered by banks. The way things are going now, banks will soon be either nationalized or bankrupt.

Silver futures are traded at major commodities markets. They require 5000 ounces per contract, and essentially amount to paper promises. It's actually the silver futures themselves that determine the silver price, though, which, as we've seen, is severely manipulated. You can invest in silver-backed pool accounts, but this is another option where you don't actually physically possess the silver. Someone is holding your money for a paper promise. In addition, it's potentially the source of many frauds. It's best to look into physically possessing silver yourself. But there are various options here, too, which need to be carefully compared.



Silver bullion is one good way to get definite amounts of silver. The weight is

marked on each bar. Similarly, you can get silver coins with the weight marked on each. And silver coins have the distinct advantage that they come in low denominations. Imagine you have to barter with silver, and trying to barter with silver bullion. You might have to hand over a whole bar for a loaf of bread! Since silver coins come in small amounts, however, you can use them similarly as money — without having to say “keep the change” every time!

Silver Coins

There are various kinds of silver coins that you can obtain. What's called numismatic silver consists of coinage that's supposed to be tied to a monetary amount. But, as we've seen, if the monetary system collapses, there's no way to determine what the real price of numismatic silver will be. Numismatic silver is always of uncertain purity, and it's impossible to use as money if you need to. There's also "junk silver," which is about 90% pure silver. It's not the *best* value, but is relatively easily obtained, and can be used for bartering. Better than that is U.S. Silver Eagles — they have the government's seal on them, which is nice, but the U.S. Mint cannot keep up with the demand, so you'll have to pay a higher premium for them. Also, they bear a face value, which might be confusing if you really want to use it by its intrinsic value by weight. The best option for silver coins, though, is one-ounce silver rounds — the weight is indicated on each one, so they wear their intrinsic value right on their sleeve.



You can find silver coins on eBay or online dealers, but those will involve package deals with a minimum, and of course, you'll have to pay for shipping. The best place to buy silver coins is at your local shop. It's convenient, the premiums will be low, and there's no minimum required. Establish a relationship with your local coin dealer, and buy at least 500 ounces to start. Pre-1965 silver rounds are the best quality. Remember, silver is a solid long-term investment. Day-to-day price volatility shouldn't worry you. There are many potential catalysts for the inevitable spike in silver prices, but no one knows just when it will happen. Never buy silver on margin or with credit — use the money you have wisely.



Possessing Silver

When you possess silver at home, you need to be sure you keep it safe for the long

term. Store your silver in a water-proof, fire-proof safe that is bolted to the floor.

For large amounts — over 50,000 ounces — you should look to private storage facilities. Be sure they are private companies and not bank safety deposit boxes, which are not safe in the event of bank failures.

For private storage centers, you might pay 2% of the long-term silver value to store it — it's a safe bet.

If you do take the route

of bank deposit box, be sure the terms of ownership are crystal clear.

