

Are Gold Buyers Really “As Good as Gold”?

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The price of gold has been trading recently at all time highs. Over \$1,500.00 per troy ounce for the first time ever! In response, the number of places that buy old gold jewelry from the public has grown from just a few to dozens. They seem to be everywhere now, all touting “top dollar paid” and “no one pays more” in their advertising and signage. Can it really be that easy? Is all that glitters really gold?

Is the company advertising on television with the handy “mail-in” envelope really the best way to get top prices for your old gold jewelry items? Is it the people that come to local hotels and advertise big for a weekend? Does the place on the corner that just sprang up offer the best prices? Or is it that everybody pays you the same prices? As a consumer that has old gold and silver jewelry to sell, these are some of the questions that you face as you decide where to cash in your items. Would you be shocked to find out that some of the places that advertise the most often, and promise that “no one pays more”, may really only offer you pennies on the dollar for your items?

It would be disappointing to sell your old gold & jewelry today and then find out tomorrow that you had received only a fraction of its true value. So how do you know what your old, sometimes even broken, gold jewelry is worth in gold value? That’s a question we deal with every day in our office as people learn how the process works.

It may sound intimidating when you hear terms like “spot price”, “gram weight”, “pennyweight” and “troy ounce”, but here are the basics you need to know:

First realize that gold itself, as a commodity, has a universal value worldwide that you will often see mentioned as the “Spot Price”. This is the price of what a bar of pure gold, weighing exactly one ounce, would sell for anywhere in the world. The spot price of pure gold, like oil for example, trades on commodity exchanges and its value changes throughout the day.

Next, let’s talk about purity. Since your old, broken gold chain is not a bar of pure gold, you must identify its Karat, (K), to know its purity, (what percentage of pure gold it is). Absolutely pure gold is 24 Karats. Most jewelry worn in the United States is alloyed with copper or other metals to bring its content down to 10 Karat or 14 Karat. 10K gold works out to be 42% gold and 58% alloy, while 14K means that the article is 58% gold and 42% alloy. Gold jewelry marked 18K is 75% gold and 25% alloy metal. In some countries, especially the far-east and middle-east, they use almost pure gold in their jewelry, preferring 21K.

Next, how much does your item weigh in grams? Precious metals are weighed in Troy Ounces, which is about 10% heavier than a “normal”, avoirdupois ounce. To explain simply, an ounce of gold contains 31.1 grams and an ounce of ketchup contains 28.35 grams. Some gold buyers will quote prices in “pennyweight” to make prices sound higher since a pennyweight is equal to 1.5 grams, and therefore worth one and a half times what a gram is worth. I know this part sounded complicated, but now you know the basics of how gold jewelry has been traded for hundreds of years.

To summarize the basics, your item is worth the current price of gold, times its percentage purity, times its weight. That’s its true value. Then, take its true value that you just figured out and deduct some profit for the gold buyer. Some buyers work on a few percent profit margin, other want to double their money. It’s your job as the seller to find a buyer that pays closest to its real worth.

I realize that most people don’t have the tools to test and weigh their gold items, but you do possess the two most important tools that you’ll need to get the best value for your old gold & silver: your common sense and the ability to shop around. Pick up your phone to call and ask prospective buyers exactly what they are paying per gram at the moment and compare apples to apples pricing.

Two final thoughts for you to remember are to contact the Better Business Bureau to check out the buyer, and then when you do go in to sell your gold, be sure to get a detailed receipt showing exactly what you sold, its karat purity, weight and price.

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