

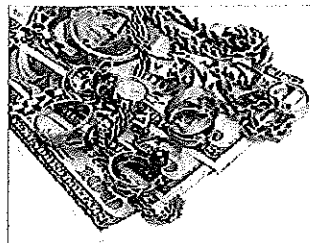
SMART SPENDING

### Sell old gold for cash

By Erin Peterson • Bankrate.com

#### Sell gold for cash

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It's not a bad idea to sell your old gold jewelry or coins to help you ride out the recession. Just don't expect to get anywhere near the \$1,000-per-ounce value of the shiny metal you hear so much about.

First, you'll get a portion of the scrap value, not the market value, for your gold. Buyers melt the gold down, so they will not pay anything for the artistry or style of the jewelry. Second, dealers must pay a smelter, someone who melts the gold, up to 30 percent of the value to refine the precious metal. Then there's the buyer's profit.

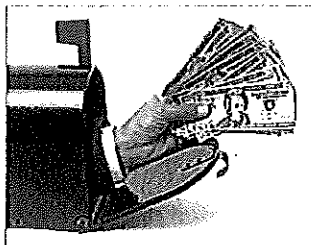
Also, remember, some gold items are purer — and more valuable — than others are. Pure gold is considered 24 karat, or 24k. Think of it as a 24-slice pie — each slice a single karat. Therefore, a necklace that has an ounce of 10k gold has less than half the gold of a necklace with an ounce of 24k gold.

Armed with this knowledge, here are five ways you can sell your gold — each a compromise between price and convenience.



#### Mail-away operations

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**The scoop:** Seductive advertising and the lure of easy money have drawn in thousands of eager sellers. You mail in your gold and they mail you back a check. GoldPaq, GoldKit and Cash4Gold are among the companies offering the service.

**The benefits:** It's easy — they send a prepaid envelope, you drop in the gold, and they mail a check with an itemized receipt and a promise to return your gold if you're not happy with the price.

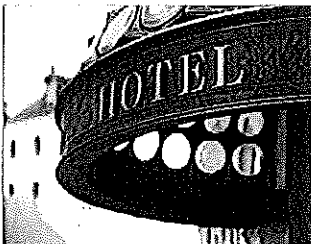
**The drawbacks:** You pay a price for convenience. Consumer Reports found that mail-in companies offered between 11 percent and 29 percent of the meltdown value of the gold.

**The bottom line:** Understand the trade-offs you're making, says Paul Montgomery, president of the Professional Numismatists Guild. "The guys on TV are providing a service, but they've got a very, very high expense rate. They're spending literally millions on advertising — and that's (part of the reason) you might get just 20 or 25 cents on the dollar."



#### Hotel gold buys

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**The scoop:** These companies advertise heavily on local television, stating they'll be at a hotel near you and will offer "top dollar" for your gold.

**The benefits:** Sometimes these operations will buy more than just your gold — if you have collectibles, you may be able to sell them at the same time.

**The drawbacks:** The limited-time engagement can encourage high-pressure sales tactics and little recourse if you feel duped. Their high travel, rent and advertising expenses mean you'll rarely receive more than 40 percent of

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scrap value.

The bottom line: Do your homework, know a fair price and wait for the pitch, says David Morgan, publisher of Silver Investor in Colbert, Wash. "You've got gold jewelry, they've got cash. Everybody's happy, right? Everybody except the people who know they have a bracelet that, when melted down, is worth \$100, and they're offered \$40."



### Jewelry/coin shops

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The scoop: It seems everyone's buying these days, so you won't struggle to find a shop willing to buy.

The benefits: You'll tend to get the most for your money at your local jeweler or coin shop -- up to 70 percent of the gold's value. If you have finely crafted jewelry, they're also more likely to pay more for the jewelry itself, rather than just offering you cash based on the scrap value.

The drawbacks: Many jewelers are catching on to the fact they don't need to offer the best price for the gold and that customers will be none the

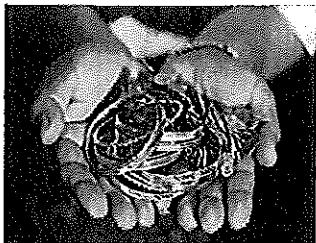
wiser.

The bottom line: "If a dealer tries to tell you that the offer is only good until you walk out of the store, walk out of the store," says Montgomery. "Go shop. If you walk back in the next day, the dealer will still want to buy your gold." Finally, if you shop around, go to all shops on the same day, since gold prices can fluctuate substantially.



### Gold parties

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The scoop: It's just like a Tupperware party, but instead of going home with plastic and a hole in your wallet, you sell your gold and take home cash.

The benefits: It's fun, social and perhaps the only multilevel marketing program where you leave with more money in your wallet than when you arrived.

The drawbacks: Don't expect to make a mint. In addition to the company's cut, the party's host will probably snag a 10 percent commission. Not all the party hosts will be gold pros, which

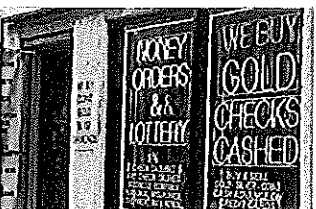
means your gold may not be evaluated fairly.

The bottom line: Is it fun? Definitely. Is it profitable? That's questionable. Expect to get 50 percent or less than what your gold is actually worth. "It comes down to this," Montgomery says. "Do you trust the person you're doing business with?"



### Pawnshops

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The scoop: Business is up at pawnshops since the recession started, but also since gold prices soared. They'll test your gold for authenticity and then offer a price.

The benefits: If you suddenly decide you really didn't need to swap that brooch from your grandma for a few bucks, you can usually buy it

back, although at a higher price.

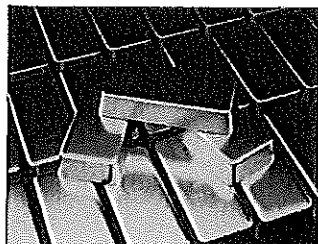
**The drawbacks:** Pawnshops aren't always in the best area of town, which can be a deterrent for some sellers, and there's no guarantee you'll earn top dollar.

**The bottom line:** "You wouldn't sell a car, boat or any other asset without doing some homework and learning about what you're doing," says Montgomery. "If something doesn't seem right, it probably isn't."



Tools & resources

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Here are more stories about gold:

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