

GO FOR THE  
GOLD

A SOURCE  
OF VALUE  
THAT HAS  
LASTED FOR  
CENTURIES





# A Store of Value

## SOUGHT AFTER FOR THOUSANDS OF YEARS

**G**old values have gone up and down throughout history, but one thing has always been true: gold is worth something.

Unlike paper currencies or stock certificates, which can become completely worthless when a company or nation goes bankrupt, gold will always have some kind of underlying value.

It's been treasured for thousands of years, and that shows no sign of stopping.

### FROM THE BEGINNING

The very first time a human bent down and pulled a shiny, yellow rock from a stream, gold has held a place of intrigue.

Even before it was minted as coins, gold was seen as a valuable commodity based on how much time and effort ancient cultures spent on mining and refining it.

The reason is because of gold's natural qualities. Unlike most metals, it comes out of the ground in an almost pure state, not in an ugly rock that has to be smelted to remove the metal within it.

It's also got a wide variety of uses, is easily shaped, and doesn't tarnish — a combination of qualities that no other substance on Earth has like gold.

### USED AS CURRENCY

Gold is also one of history's most widely circulated currencies. Nations have almost always used gold as some portion of their monetary sys-

tem, whether as backing for their paper currencies or in the physical distribution of gold coins.

While America's paper currency is no longer backed by the gold standard, gold coins continue to be used as a store of value here.

The United States government has minted American Eagle gold coins since 1986 so that investors would have a convenient, cost-effective way to hold small amounts of physical gold.

### ACCEPTED WORLDWIDE

One of the remarkable things about gold is that it is seen as a store of value everywhere in the world. No matter where you go, you'll see gold used as a symbol of wealth — from the elaborate wedding jewelry of India to the religious icons of faiths everywhere.

That also means gold holds a consistent price all over the world. An ounce of pure gold is worth the same in the United States as it is in Costa Rica or Saudi Arabia, even if you'll use different currencies to purchase it.

It's another reason that physical gold can be a good place to hold some of your personal wealth. At times of uncertainty, gold is where many people and countries turn to protect their finances.





# Four Reasons to Invest

**G**old has always been a symbol of wealth and affluence, but since 2008, it has become an increasingly popular option for investors.

Why all the interest? A big reason is that the price of gold has spiked to record levels since then, earning more in the past few years than most stock and bond portfolios. Gains in value will always draw attention.

It's more than a story of skyrocketing prices, though. Here are four reasons many people choose to put some of their holdings in gold.

## DIVERSIFICATION

Most professional investment advisers stress one thing above all else: diversify, diversify, diversify.

As history has shown, people who put all their eggs in one basket often end up in trouble if that one sector of the economy struggles. If you put your entire portfolio into the stock market, you could easily lose it in a stock market crash, for example.

Gold offers one alternative to help investors find other places to put their money. It's a commodity that often — but not always — moves in the opposite direction of stock markets.

## LIMITED SUPPLY

Unlike paper currencies, which can be printed in infinite quantities, there's only so much gold that exists in the world.

A relatively small amount of gold is mined each year around the globe. It's a rare metal that will always have a limited supply, which means it will always have some form of value. That also means no

single government can control the price of gold.

And that brings us to the next point.

## INFLATION INSURANCE

It's common practice for governments and central banks to manipulate the value of their currency to meet certain goals, such as increasing exports or paying down debt.

The coordinated decision by many of the world's central banks to begin "quantitative easing" in recent years — which is intentionally devaluing their currency — leads many people to speculate that inflation will become a major problem in the years to come. The prices for everything we buy, from food to fuel to clothing, goes up when inflation occurs.

Because its value is not based on a piece of paper that can be manipulated, gold is seen as a hedge against uncertainty and inflation.

## IT'S TANGIBLE

Finally, one reason many people like investing in gold is that it's something you can literally hold in your hand.

At a time when complex, impossible-to-understand investment instruments nearly caused the world's financial system to crumble, it's comforting to hold something that has intrinsic worth.

You can touch it. You can feel it. And it has more substance than the trust you must put in paper currency or stock certificates.





# How Gold Pricing Works



Everyone knows gold prices rose dramatically following the financial crisis of 2008, but what caused the price of gold to change?

Historically, there have been lots of factors that affect the price, from politics to war and the global economy. Here's a quick overview of how gold pricing works.

## WEIGHT

The simplest way to value gold is by its weight. You can find the current price of one ounce of gold, for example, in financial pages of newspapers and on the Internet.

Not every ounce of gold is the same, though.

Historically significant pieces of

gold, such as old coins or gold jewelry with exquisite craftsmanship, can be worth far more than their bullion weight. This type of gold is seen more as art or collector's items than a mere investment.

The purity of a piece of gold can impact its price as well. The universal measurement of gold's purity is called the karat. The purer gold is, the higher its value.

## MARKET FLUCTUATIONS

The price per ounce of gold can rise and fall over time, going up and down

just like the stock market, although rarely mirroring the stock market's exact swings.

Part of the reason is psychological. In times of crisis, people tend to want investments they can hold and understand.

But a bigger reason lies in the basic law of supply and demand. With a relatively fixed supply of gold in the world, the more people want it, the higher the prices are going to be.

## WORLD ECONOMY

Shifts in the world economy can

play a big role in the demand for gold, too.

Currencies are constantly changing in value in relation to one another. Nations that choose to create more money supply — such as the "quantitative easing" programs enacted by many central banks around the world in recent years — can lead to higher prices, including the price of gold.

The price of gold typically increases with the level of uncertainty in the world. When people get nervous, they buy gold as a safety net. When things calm down, they tend to sell gold.



# Gold Retirement Accounts

THINKING ABOUT GOLD IN YOUR PORTFOLIO? HERE ARE SOME OPTIONS

**A**s more people buy gold as a way of diversifying their retirement plans, new options are being created that make it easier to add precious metals to your nest egg.

These accounts are similar in many ways to traditional investment accounts, but instead of investing in stocks, bonds and mutual funds, they put a portion of your money into the gold market.

There are a wide range of options for people who want to invest in gold, but not all of them will match your personal needs and goals. As always, talk to your investment advisor before making any decisions about your retirement money.

## THE GOLD IRA

Like an ordinary individual retirement account (IRA), a gold IRA allows for ongoing retirement investment with some important tax advantages in the United States.

A gold IRA holds physical gold with strict regulations about the purity and source of the metal. For example, they must have a purity of 24 karats and be hallmarked by a refiner that is approved by NYMEX or COMEX. Gold coins with

a purity of 24 karats are allowed, in addition to the 22-karat U.S. Gold Eagle.

If you already have an IRA account, it's a relatively simple process to roll over or transfer that account into one backed by gold.

## THE GOLD ETF

Exchange traded funds, often called ETFs, are a way of buying and selling all kinds of investments with the speed and ease of a stock market trade.

There are a wide range of gold ETFs — some of which are backed by physical gold, others that use derivatives to try to mirror the price of gold — so it's especially important to get professional advice before buying an ETF. They're powerful but complex investment tools.

The way the ETF is structured, how the profits are taxed, and how much return you can expect are all questions you should ask your investment advisor before making the decision to buy a gold ETF.

## GOLD MINING STOCKS

Another way to invest in gold indirectly is through the stocks of the companies that mine precious metals.

There are many large, global companies that make their money digging for gold. The more gold they discover, and the higher the price of

gold remains, the more profitable they will become — which typically translates into a strong stock price.

Investing in gold mining stocks can be risky, though, as with any investment. You've got to do your homework and get good advice to make sure you're putting your money in the wisest place.

One way to invest in mining stocks and spread out the risk is by looking for gold mining mutual funds. These funds invest in a wide

range of mining companies that dig for gold, along with other metals and minerals, and their performance often tracks the value of whatever it is they're digging out of the ground.

It's just another option for getting some exposure to gold as part of your portfolio.





# Sell Your Unwanted Gold

WITH ELEVATED PRICES, NOW IS A GREAT TIME TO SELL JEWELRY

If you need a little extra cash or just want to take advantage of smart market timing, you may be able to make some easy money by selling your unwanted gold.

Gold prices have been maintaining high levels in recent years. Since an ounce of gold is so valuable right now, even small amounts of gold in your jewelry can add up to hundreds of dollars.

Jewelry with higher gold content could be worth thousands.

## COUNT THE KARATS

The difference in 14-karat and 24-karat jewelry can make a huge difference in the price you get.

That's because karats measure how much gold is in the jewelry. One karat is equal to 1/24 of pure gold by weight, so 24-karat gold is

almost completely pure.

It's more common to mix gold with other metals, though, to make it stronger and more durable. For example, 14-karat gold has 14 parts gold and 10 parts from other metals, so there is far less actual gold metal in it.

It's important to know the karats of your gold if you want to get a good idea of the value before selling it.

## KNOW WHAT YOU'RE SELLING

Some jewelry is, quite literally, worth more than its weight in gold.

While the vast majority of jewelry is essentially worth whatever its scrap value is — that is, the value if it were melted down and sold as gold bullion — some jewelry has more intrinsic worth because of its history or maker.

Jewelry by a famous designer or with excellent craftsmanship may be worth more than the gold alone. This is rare, but it's important to know this before you go to a gold buyer.

## BE REALISTIC

Gold buyers have popped up in cities and

towns all over America, and not all of them have equally shining reputations. It's a good idea to check with the Better Business Bureau to see how many complaints have been filed against gold sellers in your area and whether these complaints were resolved.

You should also avoid online or mail-away services if possible. It's better to deal with a shop in person and get your money quickly than having to trust a mail service to deliver your valuables. Even with insurance, a lost piece of gold jewelry could turn into a major headache and delay you getting the money for your gold.

Finally, it's important to be realistic about the price you'll get for your gold. Unless you're the Queen of England, your gold jewelry probably doesn't have that much actual gold content, so the value may not be as high as you were expecting.

The gold buyer will also have to make a profit. That's perfectly fair, so don't expect to get the day's full retail price for an ounce of gold. A gold buyer has to offer you less than that if they're going to make money.

If you have any concerns, shop around. You're sure to find a gold buyer you can trust to make a fair offer for your valuables.