



Guide to Buying and Storing Precious Metals



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Physical Metals vs. Mining Stocks

This guide will help you to find the easiest, safest and least expensive ways to buy and store physical precious metals. I will cover several crucial points to consider and pitfalls to avoid as you set out to secure physical metals or add to your stacks. I want to help give you peace of mind knowing that you are taking the very important step of converting your fiat money into a scarce, tangible asset that carries no counter-party risk, can not be printed out of thin air and has maintained its value and monetary function for thousands of years!

The old saying about not putting all of your eggs in one basket applies to precious metals. While The **Gold Stock Bull newsletter** focuses primarily on undervalued gold and silver mining stocks, I believe it is important to have physical precious metals in your possession first. My strategy involves taking advantage of the leveraged profits that can be found in mining stocks and then periodically booking profits in order to increase my physical bullion holdings.

Gold or Silver?

I believe it is wise to have a mixture of both gold and silver, as they can serve different functions. The obvious advantage of gold is that it allows you to store greater value in a smaller space and allows you to more easily transport your holdings. You can easily carry \$20,000 or more worth of gold in your pocket and well over \$100,000 in a small bag. This makes it easier to hide your gold coins in small nooks and crannies that would be hard for thieves to discover.

But due to its large denomination, gold may not end up being practical for barter, trade and purchasing food and other critical items during a crisis. For these types of transactions, I would much rather hold silver, either in the form of one ounce rounds or junk silver. Junk silver coins including Kennedy half dollars or pre-1964 quarters and dimes that are 90% silver. That was before the government and FED completely debased the money. Now, quarters have no silver in them and are instead made of 91.67% copper and 8.33% percent nickel.

Not only is silver more practical as a monetary medium of exchange, but I view silver as undervalued relative to gold. With the gold to silver ratio at very high levels, any return towards the historic ratio of 16-to-1 would mean silver more than tripling the gains of gold.

My personal preference is to hold both and I like a split of around 50% gold and 50% silver. This way I limit the size and weight of my overall bullion holdings, while also making sure that I have a good medium of exchange and am exposed to the potential of exponential gains with silver.

Where to Buy Gold and Silver? □

Buying from Local Coin Shops

If you would like to buy anonymously, cash and carry, with no paper trail, local coin shops are the best option. In Southern California, both [Wilshire Coin](#) and [California Numismatic Investments \(CNI\)](#) charge reasonable premiums for gold and silver coins. Call around to your local coins shops and you should be able to find premiums similar to those listed at online coin shops. You may need to go to a larger city in order to find the best prices. In many places, you are not charged any sales tax if you purchase a minimum amount. So, make sure to ask around and find locations that are not required to charge tax or collect your personal information when you trade in your fiat for real money.



The downside to buying from a local coin shop is that you will usually pay a slightly higher premium than some of the online bullion dealers. But for many investors, the slightly higher price is worth the privacy and anonymity.

Online Bullion Dealers



I personally use and recommend a family-owned and operated company out of Colorado called [Cornerstone Bullion \(www.cornerstonebullion.com\)](#) They have an “A” rating from the Better Business Bureau. In my experience, Cornerstone has consistently had better supply and similar premiums to the largest bullion dealers. Cornerstone offers excellent customer service and you can buy from them without paying taxes on your purchase. If you mention that Jason Hamlin or Gold Stock Bull referred you, they will throw in a free silver coin with your purchase (of varying weight depending on your purchase size). You can call 1-800-558-4671 or call the President, Chad Roach, directly with any of your questions at 303-956-3455.

Other online bullion dealers with a good reputation include:

JM Bullion (www.jmbullion.com)

Provident Metals (www.providentmetals.com)

APMEX (www.apmex.com)

MONEX (www.monex.com)

These companies will often have the lowest prices available and will offer free shipping. However, they often require that you purchase a minimum amount and have higher prices if you want to use a credit card. You may also be able to find coins on Ebay or Craigslist, but I would be very careful buying from amateurs over the Internet. There has been an increase in the number of fake bullion coins that have been circulating in recent years.

BullionVault (www.bullionvault.com) □

BullionVault allows you to buy, sell and store gold and silver at some of the lowest costs available. Your gold is stored with VIA MAT, which is privately owned, based in Switzerland and somewhat insulated from the risks of the banking industry. VIA MAT International is part of Mat Securitas Express AG, which is one of Europe's largest and oldest armored transport and storage companies. You can choose to have your gold held in Zurich, London, Toronto, New York or Singapore.



One of BullionVault's major advantages is that they offer one of the lowest-cost methods of ownership. This is possible because your gold is stored in large (400 oz) "good delivery" bars, the same bars held and traded by the largest bullion dealers, bullion banks and government agencies. Storage in these larger bars allows for lower costs of ownership, yet you don't need to come up with \$400,000 to buy one. You can buy just a small portion of one of these bars, down to just one gram of gold.

The gold is your outright property, delivery has been taken and it is stored for you physically with VIA MAT. Every day BullionVault publishes the complete register of all its gold owners on the Internet – with each owner listed under a

public nickname known only to themselves. This register reconciles exactly to the official bar list published with it. The bar list is produced by the vault operator, independently of BullionVault.

Buying and selling is settled instantaneously and you can withdraw your money and have it sent straight back to your original funding bank account. This set up makes BullionVault ideal for those wanting to hold gold and gain the benefit of its price appreciation with a low cost of ownership.

Fees: The dealing spread is around 0.5% and you pay a commission ranging from 0.02% to 0.8%, dependent on the quantity purchased. Storage charges are down to wholesale rates of 0.12% annually (\$4 per month minimum) with insurance included. BullionVault customers also save money because they deal directly with each other, willing seller to willing buyer, by using the BullionVault order board, which is open 24 hours/7 days week.

But BullionVault is not a particularly good option for those wanting to take delivery of their gold. While you can request physical delivery of your gold, BullionVault is really not set up for this purpose and carries some hefty delivery charges. The withdrawal fee for good delivery bars is “not more” than 2.5% and for other forms it is 7.5%, which you will likely need unless you have a minimum of 400 ounces. Plus, you may have to buy insurance for delivery, can not withdraw directly from ViaMat (must go through BullionVault), may be required to identify a local bank or equivalent institution to which your gold can be delivered. In addition to direct shipping costs borne by you, BullionVault makes a 0.5% arrangement fee for this service subject to a minimum of \$500.

Central Fund of Canada

(www.centralfund.com or www.gold-trust.com)

If you are investing with funds in a 401k, IRA or other type of retirement account, I recommend CEF over the major ETFs such as GLD and SLV. You can buy shares of GTU or CEF, which represent actual bullion being held for you in a bank in Canada. Unlike the more popular ETFs, these funds do not lease out your gold and they always maintain 90% or more of assets in unencumbered, segregated and insured, passive long-term holdings of gold and silver bullion. Inspections are required to be performed in the presence of both Central Fund’s external auditors and bank personnel. Central



Fund's chief executive comments:

“Our bullion is stored in separate cages, with the name of the owner printed on the cage, and on top of each pallet of bullion it states Central Fund or Central Gold-Trust. This disables the bank from using the asset from any of their purposes. We also pay Lloyds of London for coverage of any possible loss.”

Adding to investor peace of mind, those running these funds have been around since 1961, they are based outside of the U.S. (Calgary, Canada) and run by a board that is respected in the precious metals community, not a bunch of corrupt Wall Street cronies. Demonstrating transparency that is much needed in today's investment climate, Central Fund makes regular trips to visit the assets and takes their auditors with them. I wrote extensively about this option in [this article](#).

Also keep in mind that CEF may qualify for preferential tax treatment. While long term gains in the popular gold ETFs are taxed as collectibles at 28% or more, CEF is a passive foreign investment company that should qualify as a PFIC to enable lower capital gains tax treatment. Investors should file tax form 8621 and indicate that there are no dividends, net income, or capital gains distributions.

Sprott has also launched physical gold and silver ETFs under the tickers PHYS and PSLV. I view these as being on par with CEF/GTU and much superior to the more popular GLD/SLV funds.

Avoid Fool's Gold □

Make sure to avoid “Fools Gold.” Certain ETFs, pool accounts, futures contracts and leveraged accounts are not real gold. They are just paper promises, often with no gold or silver behind them. Gerald Celente was burned by owning gold futures with MFGlobal and not being able to get delivery before the firm went under. Don't make the same mistake, get physical gold and silver in hand!

Many have been forecasting a default on the COMEX and you need only do a Google search to learn more about this possibility. I suspect we will soon see if the COMEX depositories, the ETF custodians, and the LBMA hold all the gold and silver that they claim. In my opinion, it is simply not worth the risk.

You should also avoid collector coins such as those sold in late-night infomercials. They have ridiculous premiums that are often several times above the metal content in the coin. You can get significantly more gold for your dollars by purchasing non-collector coins such as Gold Eagles, Krugerrands, Canadian Maple Leafs, etc. If a crisis unravels, how much of the metal you own will be infinitely more important than having your favorite animal, actor or football team engraved on the coin.

Where to Store Your Gold and Silver? □

Let me start by saying there is no “best” way to go about purchasing and storing precious metals. It all depends on your particular situation and objectives. There are a variety of ways to buy and store precious metals and each have their own set of advantages and disadvantages. In the end, I prefer a utilizing a mix of these different approaches.

Home Storage

Home storage gives you the benefit of having the metals in your possession and immediately available, without worrying about how or when you might be able to take delivery. You also don't have to worry about third party fraud. If you are going to store bullion at home, you can either use a safe or hide the gold somewhere very inconspicuous and difficult to discover.



Better yet, set up a dummy stash in safe (that you can allow to be taken, if ever at gunpoint), while keeping the majority well hidden in another place.

If you choose to use a safe, it is recommended that you bolt or cement the safe into the ground. A few strong guys can easily pick up a safe and carry the entire thing out of your house to a safe location where they can work on busting into it. Don't assume your safe is actually “safe,” unless you have it secured in a way that thieves can not easily bust it out and walk away with it. Likewise, it is not wise to spend \$50,000 or \$100,000 on precious metals and then skimp on the safe by purchasing a budget model for \$100 or \$200.

For more details, I will soon send you a link to download the [Gold Stock Bull Guide to Purchasing a Safe](#).

Another option for home storage is to hide your gold in a hard to discover place in your home or somewhere on your property. This could include burying it in the ground inside of PVC pipe, hiding it under the floorboards, behind drywall, under steps, in the attic insulation or anywhere else that would elude potential thieves. If you decide to engage in “midnight gardening,” make sure that you buy corrosion-resistant containers and do it when there are no prying eyes.

The best method for home storage is probably a combination of the options listed above. Buy a high-quality safe, bolt or cement it into the ground **and** conceal it well. Some have reported pulling up floorboards or digging a hole beneath their garage or storage shed, pouring in concrete and dropping in the safe (door facing up), then covering the safe and replacing the floorboards. With this method, you have the dual security of having your gold hidden where it is difficult to find and secured if someone were to find it. In addition, have the dummy stash of 10% or less of your total gold bullion available to placate thieves in a worst-case scenario.

You may also want to split up your gold and silver storage between a few different places on your property so that if one is compromised, you still have the other location(s). Here are some ideas for where to hide your bullion:



Another important element of home storage is secrecy. You will want to share the location and/or combination with one person that you can trust. If something happens to you and your family doesn't know where you hid the gold, it doesn't do much good. So, leave instructions somewhere that only your family will find or confide in one person with the details.

Lastly, consider investing in a home security system. I have one that monitors all doors and windows, plus motion throughout the house. It also has a security camera that is connected to WIFI and records the home if an alarm is triggered. The total cost was under \$1,000 and monitoring is around \$20 per month. With the monitoring, you will receive a text if the alarm goes off and can check the video to see if it is a false alarm. It can also be set up to call the police and they will check with you before sending someone out to your home. If your alarms is going off, thieves are not going to have enough time to find your bullion or break into your safe. It adds another layer of security.

Bank Safe Deposit Box



This has historically been a safe and practical option for gold owners, but considering the current condition of the banking industry, you might want to think twice. Banks have repeatedly been caught, lying, stealing and defrauding their customers. The fines over the past years are now into the billions.

MFGlobal illegally stole from segregated customer accounts to cover a shortfall and their customers got shafted. In the event of a financial crisis, you may not be able to access your 'safe' deposit box.

If your elected officials should declare a national emergency and need to **confiscate gold as they did in 1933**, you are out of luck. It is also worth noting that assets stored in safe deposit boxes are not insured by the bank or by the FDIC. Even then, the FDIC does not have enough funds to save even one major bank from going under.

Lastly, the major banks and their subsidiaries are have been implicated or admitted to manipulating the price of gold and holding ridiculous levels of paper short contracts. Their livelihood rests on the fiat money system, putting them naturally at odds with gold investors. Do you really want to trust and support these institutions?

That being said, if you have a local bank or credit union that does not get involved with risky derivatives gambling, it might be a decent option to consider as one of the locations that you store some of your bullion. Just think twice about leaving a large portion of your bullion holdings at the bank!

Private Vaults

Private security vaults are different from banks and may offer better protection for your gold and silver. The companies that operate private security vaults are generally not chartered as banks, but operate as independent businesses. Here is one worth considering: www.safehavenprivatevaults.com.

Outside of the U.S., some colleagues recommend Safes Fidelity in Geneva and Das Safe in Vienna. These are thought to be two of the safest non-bank vault businesses in the world. Private vault storage may not be the best option if there is a complete breakdown in society. It will be difficult, if not impossible, to go to another country and bring your gold back to the US safely. For these reasons, private vaults should only be one part of your overall storage strategy.

Summary □

I believe it is wise to diversify your precious metals investments, both in terms of location and type. The old adage about not storing all of your eggs in one basket is certainly applicable. I like to split up my precious metal holdings between physical metals and shares of quality mining companies. I also own both physical gold and silver and store them in various locations. Lastly, I hold CEF in my retirement account and trust management.

If inflation accelerates or a currency crisis ensues, the dollar is going to plummet while gold and silver skyrocket in value. Even absent a major crisis, the investment return from holding precious metals has far outpaced any other investment class over the past decade.

The TV talking heads can continue espousing the virtues of investing in the stock market and the worthlessness of a barbaric relic such as gold, but the numbers paint a different picture. If the current trend continues, you should be able to not only shield your wealth from inflation, but significantly increase your purchasing power over time. I hope this guide helps you to make smart decision when deciding where to purchase and store your precious metals!

If you are ready to take your investing to the next level, I would like to invite you to [become a Gold Stock Bull premium member](#).

What is the Gold Stock Bull Premium Membership?

The Gold Stock Bull Premium Membership is designed to help you maximize returns in the commodity markets. We focus on precious metals, but also cover energy, agriculture and other sectors where we spot profitable opportunities. At Gold Stock Bull, we highlight junior mining stocks that have yet to be fully appreciated by the market and provide a full rationale for why we are purchasing shares.



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Let's Get Started! >>>



Cheers, Jason Hamlin
President – Gold Stock Bull

A handwritten signature in black ink that reads "Jason Hamlin".