



# Some Surprising Advantages to Owning Gold and Silver Coins

March 23, 2016

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Especially since the financial crisis of 2008, gold and silver—and, to a lesser extent, their precious metal cousins platinum and palladium—have seen their traditional roles as safe havens during times of market turmoil take on even greater significance. When uncertainty reigns supreme across the global economy, many investors prefer to store a portion of their wealth in gold and silver bullion. This not only provides them with a tangible asset that is highly liquid, but also takes advantage of the generally inverse dynamic between precious metals and equities to help offset potential losses in the stock markets.

With persistently uneven economic conditions in the U.S. and an even murkier outlook in Europe, Japan, and China, more and more Americans are feeling increasingly uneasy about their retirement prospects. Furthermore, with a Trump presidency appearing bizarrely more plausible by the day, some are even preparing contingency plans to leave the country. Believe it or not, government-issued gold and silver coins can help minimize banking implications when carrying or otherwise transporting money on trips abroad.

However, this is not the only upside that physical bullion can offer investors. In particular, modern legal tender bullion (typically known as *bullion coins*) are issued by various government mints around the world; rather than producing these coins for collectors, major mints strike these bullion coins for investors small and large to capitalize on relatively new rules regarding individual retirement accounts (IRAs).

For soon-to-be retirees with a desire—or impulse—to travel the world, both of these factors could apply at once, making the use of bullion coins especially applicable.

First and foremost, the **Taxpayer Relief Act (TRA) of 1997** passed by the 105th Congress opened up the rules for what investors may include in their IRAs regarding precious metals. As per the new law, *"Your IRA can invest in one, one-half, one-quarter, or one-tenth ounce U.S. gold coins, or one-ounce silver coins minted by the Treasury Department. Beginning in 1998, your IRA can invest in certain platinum coins and certain gold, silver, palladium, and platinum bullion."*

Essentially, this law connected IRAs with the U.S. Mint's bullion coin program, which was introduced in

1986 to allow gold and silver investment coins to be sold directly to the public. The **rules for IRA-approved precious metals has been expanded and clarified since the TRA** to additionally cover a variety of gold, silver, platinum, and palladium products from ISO-certified (or COMEX- or NYMEX-approved) private mints. Moreover, several of the most popular government-issued gold and silver bullion coins from across the international landscape are also eligible for inclusion.

When a retirement account is funded with precious metals, it is commonly called a “Gold IRA,” although *self-directed IRA* is the more accurate parlance. This means that the investor has direct control over what precious metal products are used to fund the account (provided they are eligible for inclusion). Many investors find this added degree of control gives them greater peace of mind with their IRAs, especially because the precious metal content of legal tender coins is backed by the full faith and credit of the issuing government (unlike generic bullion).

This is why **bullion coin sales from the U.S. Mint** have been successively notching record-highs for three years running, showing robust demand for physical precious metals even as the market for gold and silver exchange-traded funds (ETFs) has suffered over those three years, only very recently bouncing back. On the other side of the Pacific, **Australia’s Perth Mint has also seen its bullion sales (and profits) surge** over the last two years thanks to rising demand from Chinese buyers.

Frankly, consistently poor consumer sentiment combined with the widespread adoption of the highly unconventional negative interest-rate policy (NIRP) have badly dented the profit margins for overseas banks. (Think about all of the lost interest on banks’ excess reserves held at the European Central Bank, Swiss National Bank, or Bank of Japan, all of which have implemented NIRP.) With **foreign banking stocks underperforming**, particularly in Europe, one can anticipate that the cost of the ancillary services these institutions offer is going to rise.

Thus, the other aforementioned—though less commonly considered—benefit of holding gold and silver bullion coins is the reduction of possible banking fees when traveling abroad. Although moving funds into a foreign bank account via wire transfer does not typically incur taxes, such a transfer will be saddled with potentially costly bank fees on both sides of the transaction. The same is true if someone attempts to bring hard cash with them when leaving the country. Amid dwindling profits, don’t be shocked if these types of fees increase for Americans traveling to Europe or Asia.

Bullion coins provide a clever alternative to eating these types of banking fees in full, especially if the amount of money being transported overseas is considerably large. When a gold or silver bullion coin is taken abroad, it is treated as equivalent to its face value (denomination) as legal tender. This is true even though the underlying value of its precious metal content is vastly higher. The traveler will still have to pay the fees associated with the legal tender face value—\$1 for an American Silver Eagle coin, for instance—but they can easily sell that coin for its bullion value once overseas. American Eagle coins, whether gold or silver, are widely recognized and universally trusted, making them easy to liquidate once the foreign destination has been reached. This greatly mitigates the amount of money that must be shelled out to the banks just to move funds around.

At minimum, precious metals are seen as a means of diversifying one’s investment portfolio. This is particularly useful during periods of great economic turmoil. More than that, however, government-issued bullion coins enjoy approved status within the framework of IRAs and have certain advantages

over other forms of money when it is necessary to bring large sums of cash overseas, perhaps for an extended amount of time. Factor in a shaky global economy and political upheaval in the U.S. and you have the perfect recipe for just such a flight to safety.

Each of these scenarios could simultaneously come into play for the retiree planning to spend their silver-haired, golden years on foreign soil, which is exactly where gold and silver bullion coins fit into the equation.

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