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Michael Ivankovich's Guide to Selling Precious Metals: Scrap It, Sell It, or Auction It?

If you are thinking about selling any gold or silver in the future, whether jewelry, coins, decorative accessories or bullion, you're probably facing a great deal of confusion. With so many "We Buy Gold" storefronts opening, where can you get the most money for your treasures? Should you "Scrap It" with a gold store? Should you "Sell Outright" to an Antiques Dealer? Or should you roll the dice and "Auction It"?



The objective of this article is to simplify the precious metals selling process for you. We're going to take a look at each of the three options...*Scrap*... *Outright Sale*...and *Auction*. And we'll discuss the pros and cons of each approach.

I'm an *Auctioneer*. I believe in the *Auction Method of Selling*. But I'm also a realist and I understand that not everything sells well at Auction. So what we'll do in the article is review each option for you, but ultimately you will have to decide which option is best for you.

WARNING: Many precious metal dealers are honest, but many are not. Before you run out and sell your family treasures and heirlooms, you had better understand how the precious metals game is really played, because this game can be very tricky. And, if you fail to do your homework, the windfall you are expecting may end up in someone else's pocket...and not yours.

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Weigh Your Precious Metals: The first step in determining where to sell is to calculate the estimated "*Scrap Value*" of what you have. We covered this process in great detail in our articles titled "*Mike's Guides to Selling Gold Jewelry & Sterling Silver*", so we're not going to review that again here. If you missed those articles, you can find them on our www.michaelivankovichappraisals.com website.

So before you do anything else, weigh your items.

- Determine the Gross Weight in *Pennyweights* or *Grams* (Gold) or *Troy Ounces* (Silver).
- Determine the Amount of Pure Gold or Pure Silver
- Determine the Spot Gold or Spot Silver Price
- Determine the Percent of Spot Price Payment Factor that the dealer will pay.

This will give you the estimated "*Scrap Value*" of what you have. And this will serve as a starting point when considering whether to "*Scrap It*", "*Sell It Outright*" or "*Auction It*".

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Scrap Option: When considering the "*Scrap*" option, ask yourself these very basic questions:

- What is the Condition? Items that are damaged, broken, dented, or blemished are difficult to sell and scrapping is often the easiest and best option.
- Is it Common or Rare? Common items are tougher to sell, and they rarely bring top dollar at Auction. For example, there are many more sterling silver tea spoons and dinner forks in circulation than sterling asparagus servers or sterling coffee pots. Some patterns are very

common, while others are rare and extremely desirable. Scrapping is often the best approach for common items.

- Is it a Partial or Incomplete Set? Incomplete flatware sets, single candlesticks, or individual carving set pieces can be difficult to sell and should often just be scrapped.
- Who is the Maker? Collectors collect “The Name”. Unsigned pieces, or items from less desirable makers, are harder to sell and scrapping is often the easiest option.
- What is the Age? Mid-Late 20th century items are more plentiful than early antique items, are usually more difficult to sell, and scrapping is often the best option.
- Any Combination of These Variables: An incomplete set, of recent vintage, of a very common pattern, made by an unknown or undesirable maker, and in poor condition, should almost always be scrapped.

Advantages of Scrapping: You can convert it into cash immediately; today, if you like. You can simply take it to the “We Buy Gold” store, and walk out with cash in hand. There are no commissions, no waiting, and no uncertainty.

Disadvantages of Scrapping: Are you being paid a fair price? If you’ve done your homework, this should not be a problem because you will understand value before you walk into the store. If you don’t do your homework, if you don’t understand value, expect to be taken advantage of.

The Bottom Line Is This: If what you have is not the type of thing that most people would be interested in purchasing, it is often better to “Scrap It” than to “Sell It Outright” or “Auction It”.

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Outright Sale Option: Once you know the *Scrap Value*, you are dealing from a position of strength. Any reasonable offer above the *Scrap Value* is a plus and you should consider selling it and pocketing the difference. Understand that almost any buyer will be expecting to re-sell at a profit. And that’s ok, as long as they are making a “fair” profit, and not an “obscene” profit, at your expense. If you want “Top Dollar”, be prepared for all of the added work and expense that comes along with becoming a dealer.



Advantages of Outright Sale: For most people, immediate cash in hand, at an amount higher than scrap value, with no commissions, with no risks, with no delays, is usually preferable to a delayed Auction sale, at an unknown amount, with all related selling expenses.

Disadvantages of Outright Sale: In today's soft Antiques & Collectibles market, selling at a price greater than *Scrap Value* is not as easy as it was several years ago. Dealers are generally selling less, and paying less, than they did several years ago, and are not as interested in tying up their money while waiting to find a retail buyer. They’ll always pay below-scrap prices, but they are generally more reluctant to pay scrap-plus prices. And what if it’s worth more at Auction?

The Bottom Line Is This: If you can find a dealer willing to pay more than *Scrap Value*, if it’s a fair offer, you should probably consider it. But if you can’t find someone who’s willing to pay you more than *Scrap Value*, perhaps you should at least consider the *Auction Option*.

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Auction Option: At this point you know the *Scrap Value* of your precious metals. And you have considered the *Outright Sale* option. Now the final question is whether you take the cash and run, or do you roll the dice and send it to *Auction*.

“*Auction*” sells things in a competitive bidding situation. The more desirable the item, the more people who will be interested in owning it, the higher the final selling price. Auction is where most record prices are set. The *Dynamics of Auction* and the *Power of Competitive Bidding* can often result in higher prices than can be achieved anywhere else.



There are three things that you must consider when selling at Auction.

- **Commission:** All Auctioneers will charge you a commission, and 20-25% of the final selling price is the norm at many Auctions for all but the best items.
- **Delivery:** You must deliver your consignment to the Auction House, or they will charge you to pick it up.
- **Absolute Auction:** Most Auctioneers sell at “*Absolute Auction*” which means “*No Minimums and No Reserves*”. Whatever it sells for, it sells for. This is where the “*Risk*” factor comes in.

Before consigning to any Auctioneer, ask yourself the same questions that you did when you considered the “*Scrap*” option.

- **Condition?** Undamaged items usually sell well at Auction.
- **Rarity?** Rarities are what most buyers are seeking at Auction, and rarities will usually bring a premium value over *Scrap Value*.
- **Complete Set?** Complete sets will usually sell better at Auction than partial or incomplete sets.
- **Maker Name?** Collectors collect “*The Name*” and better names almost always sell better, and command a premium price over *Scrap Value*. Names such as “*Tiffany*” or “*George Jenson*” will almost always stimulate heavy bidding at Auction.
- **Age?** Antique pieces are rarer than late 20th century items and will usually sell better at Auction.
- **Any Combination of These Variables:** A complete set, of a very desirable pattern, made by a noted early maker, in excellent condition, will almost always sell at a higher price than if any of these factors is missing.

Auction Rule of Thumb: If the Auction commission is 25%, then the final Auction selling price must be at least 25% higher than the “*Scrap*” or “*Outright Sale*” price...just to break even! So to warrant the added risk of selling at Auction, the potential upside should significantly exceed the commission rate. And don't forget the impact of the *Buyer's Premium* and *Sales Tax* on Auction sales.

Other factors that should be considered with the Auction option are the Auctioneer's reputation, specialty, commission, other selling expenses, the timing and location of the Auction, etc.

A True Story: Not too long ago I had a client with a set of *George Jenson* silver flatware. We sent it to Auction hoping for \$1,800-\$2,500, which was over the *Scrap Value*. It ultimately sold for \$8,500.00. My client hit a home run. All the factors were right for Auction: It was a complete set, a very desirable name, a very popular pattern, in an up silver market. If any of these factors were missing, the selling price would probably have been much softer.

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Learning Points

- The precious metals market is hot today, and gold & silver is very easy to sell and convert into cash.
- Precious metals dealers are different and pay varying percentages of the daily spot price. Your objective is to locate the one who is paying the most amount of money.
- Scrapping is often the best approach for items that are damaged, incomplete sets, common, not highly desirable, and/or relatively new.
- If you can locate a private dealer willing to pay you an amount over the scrap value, you should probably consider the offer.
- Although Auction has expenses and risks, you can also hit a home run at Auction.

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About the Author

Michael Ivankovich is an Auctioneer, Appraiser, and Home Downsizing Consultant based in Doylestown PA. Michael helps clients to move and downsize their homes, but more importantly, he helps clients understand the value of their antiques, collectibles, and residential contents, as well as how ... and where ... to best sell them for the most money possible in today's market.



He can also help you to confidentially convert your gold and silver into the most money possible.

Michael has been involved with antiques, collectibles and personal property assets for more than 35 years. He is a licensed and bonded Pennsylvania Auctioneer, has served as President of the *Lehigh Valley Society of Auctioneers*, and was named Pennsylvania's *Auctioneer of the Year* by fellow Auctioneers in 2004.

He is also a professional Personal Property Appraiser, having earned his *GPPA (Graduate Personal Property Appraiser)*, *MPPA (Master Personal Property Appraiser)*, and *USPAP (Uniform Standards, Professional Appraisal Practice)* designations.

An Antiques Dealer for more than 35 years, he is a Past President of the *Bucks County Antiques Dealers Association*. Michael is an active member of the *Central Bucks Chamber of Commerce*, an *Affiliate Member of the Bucks County Association of Realtors*, he has authored more than 20 books & ebooks in his areas of specialty, and his articles & columns have appeared in trade papers nationwide.

You are invited to visit his Web Sites:

- www.michaelivankovichappraisals.com
- www.homedownsizingconsultants.com
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