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Michael Ivankovich's Guide to Selling Sterling Silver (How the Scrap Silver Game is Really Played)

It seems like each week several new "We Buy Gold & Silver" store-fronts open in our area. The new store openings seem to correlate with the "Spot Price" of gold and silver. The higher the *Spot Price*, the more new stores open their doors.

Most of these stores have short term leases, and most will probably not be around for very long. They are simply trying to take advantage of the rush to scrap gold and silver based upon today's record prices.

But before you rush out and scrap your family's treasures and heirlooms ... **BEWARE!!!** You had better understand "*How the Scrap Sterling Silver Game is Really Played*". Because if you are not extremely careful, the windfall you are expecting may end up in the silver dealer's pocket, and not yours.



Here is a 5-step approach to understanding "*How the 'Scrap Sterling Silver Game is Really Played*".

Step 1: Weigh the Silver. Using an accurate scale, first weigh your silver. Most scales will yield what I call "U.S. ounces", but technically these are called "Avoirdupois Ounces". This will yield the Gross Avoirdupois Weight of your silver.

Step 2: Convert the Avoirdupois Weight to Troy Ounces. Since "*Spot Silver Prices*" are always quoted in "Troy Ounces", you will need to convert the weight of your silver from *Avoirdupois Ounces* to *Troy Ounces*, using a very simple conversion factor. One troy ounce is equivalent to approximately 1.09714 avoirdupois ounces. This will yield the Gross Troy Ounce Weight of your silver.

Step 3: Calculate the Actual Pure .999 Silver Weight. Since silver is a soft and malleable metal, it is always combined with another stronger base metal, usually tin or copper, to enhance its strength. As required by the "*Sterling Standard*", any item marked "*Sterling*" must ... I repeat, **MUST** ... contain 92.5% pure silver, and 7.5% base metal. No more, and no less. Although various countries have other silver standards (e.g., Mexican Sterling is 90% pure silver, 10% base metal), British and US "*Sterling*" will always yield 92.5% pure silver. Therefore, to determine the amount of pure silver, multiply the troy ounce weight in Step 2 times ".925". This will provide you with the number of ounces of Pure .999 Silver you are dealing with.

Step 4: Calculate the Gross Pure Silver Value. Like the stock market, the *Silver Spot Price* is constantly fluctuating. To determine the Gross Pure Silver Value, multiply the number of *Pure .999 Silver Ounces* in Step 3, times the current "*Spot Silver Price*". This will yield the "Gross Pure Silver Value". Kitco (www.kitco.com) is one of many web sites where you can determine the current spot silver price.

Step 5: Apply the Silver Dealer "Percent of Spot Price" Payment Factor. Steps 1-4 are relatively easy to calculate. Step 5 is the trickiest step of all, this is where the "*smoke & mirrors*" usually occurs, and this is where most people who don't understand how the "*Silver Game*" is played get taken advantage of.

Unless you plan on melting and refining the silver yourself, the refinery will have to make a profit. And any middlemen (i.e., the silver dealers) you deal with must also make a profit. So you will never receive the full “*Gross Value*” in Step 4 above. Rather, you will receive a “*Discounted Value*”, based upon a percentage of the then-current spot silver price, which factors in costs and profits for any middlemen left in the chain.

Here is the key point: Most silver dealers will never tell you what their “*Percent of Spot Silver Price*” payment factor is. And most individuals new to the scrap silver game don’t ask what discount factor was applied. And this is where the silver dealer has the advantage.



In a typical transaction, you bring your silver to the silver dealer. The silver dealer will perform their own 5-Step calculations, and then simply make you an outright cash offer of what they are willing to pay. You can accept their first offer, reject it, or make a counter-offer. But since most people don’t know how the silver game is played, most accept the first offer on the table. And the silver dealers know this.

Dealer “*Percent of Spot Price*” payment factors can range from more than 80% of spot price, to less than 50% of spot price, and that represents a wide range of difference. For example, if you are selling 100 troy ounces of pure silver, and the spot price is \$35/oz, with an 80% “*Percent of Spot Price*” payment factor you would receive \$2800 (100 ounces. x \$35/oz = \$3,500, times 80%), while with a 50% “*Percent of Spot Price*” factor, you would only receive \$1750 (100 ounces x \$35/oz. = \$3,500, times 50%). And in this example, the \$1050 difference goes into the dealer’s pocket ... *and not yours*.

In summary, silver dealers are not all the same, and it is imperative that you locate the silver dealer that will pay you the highest “*Percent of Spot Price*” possible. Today is a great time to sell your un-needed sterling silver. But if you fail to learn how the “*Silver Game*” is played, you could end up losing literally thousands of dollars.

Don’t let this happen to you.

Learning Points

- Before contacting any silver dealer, do your homework and learn how the silver game is really played. This will insure that you don’t get cheated in the selling process.
- To get started you will need an accurate scale to determine approximately how much silver you actually have. This will insure that you don’t get cheated on weight.
- Remember that only the silver has value. There is no value to metal pins on jewelry, or composition weight in weighted candlesticks, etc. The scrap dealer will literally rip all such items apart and only weight the sterling portion of an item. And once it’s ripped apart, the intrinsic value is gone.
- Recognize that silver dealer “*Percent of Spot Price*” payment factors can vary widely. If you don’t ask what their factor is, they will never volunteer that information.
- You need to shop around for the dealer with the highest “*Percent of Spot Price*” payment factor.

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- Silver dealers are entitled to make a fair profit off you. You just don't want them making an unfair profit off you.
- Avoid selling your silver to dealers who are in a hotel, or who are in town for only a few days. This is only asking for trouble.
- Dittos on mailing in your jewelry and waiting for the mail order company to send you a check.
- *One Rule of Thumb*: *The longer someone has been in business, the more reliable they probably are.* This is not a foolproof rule of thumb, but a jeweler who has been in business for 50 years probably has remained in business that long by treating their customers fairly.

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 numerous articles and columns have appeared in trade papers nationwide.

You are invited to visit his Web Sites:

- www.michaelivankovichappraisals.com
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