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Dear Readers,

Obviously, we have a lot of very serious problems in the US economy. People are afraid of what may or will happen in the not too distant future, as our elected officials in D.C. keep borrowing, printing and spending money in an effort to bailout big businesses to try to stabilize our economy. Many people believe that these officials are only making matters worse, and it will eventually lead to runaway inflation, skyrocketing income taxes and ultimately a US Depression. Accordingly, people are looking for help on how to survive the financial storm that is brewing. This article, from one of the foremost experts in the tangible markets arena, will help you to answer one of the questions that is beginning to be asked by more and more of your clients.

GUNS, GOLD AND GROCERIES

THE 101 COURSE TO PROTECT YOUR FAMILY

by Hal Chorney, TIA, RFC


BROOKLYN DAILY EAGLE
WALL ST. IN PANIC AS STOCKS CRASH
Attempt Made to Kill Italy's Crown Prince
Hollywood Fire Destroys Films Worth Millions
High Duty Group Gave $700,000 to Coolidge Drive

Today, right now in the United States of America, when some people think of survival, they think of the necessity of having the three G's, namely guns, gold and groceries. After all, if things were really bad, these items would be quite high on a lot of people's lists. In doing so, most people feel it is prudent to do all of this with an abundance of privacy. As the **Insurance Pro Shop** has recommended for years, "Zip the lip when it comes to certain things. Don't tell anyone except your trusted financial advisor. Don't tell your friends and don't let your neighbors and other people know what you are doing. Certainly don't tell your banker."

But there are a lot of other people who do not consider themselves as 'survivalists' yet seek out the ownership of gold for their own reasons. This glittering metal has been one of the preferred places for people to put wealth into when people are afraid and lack confidence in government and the paper currency that is circulating. In short, gold has become an international storage of wealth for many cultures and societies throughout history especially in shaky financial times.

It is little wonder that today more than any other time over the past several years that the financial services industry is confronted by their more affluent clients not wanting to place gold in various retirement programs and portfolios, but wanting to have physical possession of this commodity.

But here is the real problem with this situation. Most planners are what I call "partial" financial planners. I say "partial" financial planners because they have little knowledge of how to purchase, sell or store gold or possess knowledge of various functions and forms of gold and most of all, they lack the information required to properly provide financial privacy for their clients.

It is difficult to understand the function of assets like gold without knowledge of tangibles and financial privacy, but that will be the subject of other articles. The purpose of this article is to facilitate planners to assist their clients who desire a position in gold be it for an investment with growth value like "numismatic or rare coins", an investment to serve as an insurance policy against the erosion of the value of intangible paper denominated assets by owning gold in virtually any form, a survivalist mentality desirous of bullion or semi-bullion related gold, or some other mindset of their clients.

GOLD CAN BE PURCHASED IN MANY FORMS

Gold can be purchased in many forms. It can be owned in a paper form such as gold mining shares or in a physical form such as gold coins, bars and jewelry. Each and every form of ownership has its advantages and disadvantages. For instance, when gold is escalating in value, the gold shares historically have outperformed the physical possession values. And when gold is on a downward trend, the gold shares tend to decline in value quicker than the physical possession.

For the most part, hard money advocates like myself have recommended that their clients take physical possession of their gold. There have been companies which sell gold bars and coins and charge storage for this gold, which in many cases has turned out to be "non-existent." In other words, some companies are selling gold on paper but do not have the physical gold that they are selling.

CARAT GOLD

Some cultures like to wear their wealth in the form of jewelry, but for the most part, there is a fabrication charge to place gold into different forms. Putting gold into a jewelry form is one the most expense way to purchase gold. Gold jewelry is often stamped with the carat. Twenty four carat means that the item is pure gold. Most items are marked with a carat number. Fourteen carat, or 14K, is 14/24 parts pure, or .585 gold when 14 is divided by 24. This means that the other 10 parts (10/24 or .415) are silver, copper of some other metal. However, the tolerance in jewelry manufacturing on say 14K gold is such that the item can legitimately be off by ½ a carat. So since 14K may be only 13.5 parts gold, 10K could be only 9.5 parts gold and so on. Some of the markups on jewelry are referred to as triple keystone. For instance, if a gold bracelet has $800.00 in 14 carat gold, the selling price most probably will be up to $2,400.00 or triple the amount of the gold value. Double keystone would mean twice the metal content. Upon resale, this differential between the actual gold value and the marked up price is difficult to recoup unless gold has risen sharply in value since purchase.

CHEAPEST IS NOT ALWAYS THE BEST

The least expensive way to purchase physical gold, is to purchase it in bar form. Usually, the smaller the unit purchased, the higher the premium paid for the item. The premium on a kilo bar, which is 1000 grams (1000 divided by 31.1 grams per troy ounce means that a kilo bar has 32.154 pure ounces of gold) will be less than the premium on a one ounce bar. This is an inexpensive way of purchasing larger units of physical possession gold. A one ounce bar would have a smaller premium than a half ounce bar and so on. However, gold purchased in bar form, be it one ounce units or half ounce, tenth ounce or whatever is usually less desirable to own for some because it is easier to counterfeit a bar than a coin. So although some bars come with bank certificates, my preference is to place the client into gold coins instead. The fabrication charge is more for gold coins than bars, but the extra premium is often recouped upon resale of the item.

ALL SORTS OF GOLD COINS

Gold coins are minted in various carats or fineness. There is no tolerance allowed here as there is in jewelry. Some coins are 24K or pure gold with a .999 fineness like the Austrian Philharmonic and the Canadian Maple Leaf, some are 22K or .917 fine such as the American Gold Eagle or the South African Krugerrand, others are .900 fine like the U.S. coins minted prior to 1933. Still other coins have different finenesses.

Gold coins can basically be divided into three groups—bullion related, semi-numismatic and numismatic. **Bullion related gold:** One ounce units are the most commonly traded of all the gold bullion products available. The amount paid for a one ounce bullion related coin, such as a Canadian Maple Leaf, Austrian Philharmonic, South African Krugerrand, or American Gold Eagle, is mostly based upon the value of gold at the time of purchase. (Each of these bullion coins contains one troy ounce of gold, but the coins that are not .999 pure will have a total weight of more than one troy ounce.) Any amount over the spot price of gold is called the premium. Premiums vary according to the gold marketplace and the size of the unit. The premium on a one ounce gold eagle is smaller than the premium on a half ounce eagle and a half ounce eagle has a smaller premium than a quarter ounce or tenth ounce eagle. Unlike stocks and bonds, there is no standard type of commission in the purchase of gold. So when it comes to purchasing physical gold, shop around to find the gold provider suited for you and your clients. One important consideration may be sales tax. Some states tax gold coin purchases, others do not and states like Massachusetts waive tax on purchases of gold coins in excess of $1,000.

SEMI-NUMISMATIC GOLD

Some people fear that gold may be confiscated in the United States as it was back in the 1930’s. For people of this mindset, semi-numismatic gold may be the best answer. When most of the value of the gold coin is in the gold content itself and not in the year and mint in which the coin was minted, the coin is said to be semi-numismatic. Higher premiums than exist for strictly bullion related gold are paid to purchase a coin that is semi-numismatic. Some examples of this type of semi-numismatic coin are the British Sovereign (.2354 troy ounces per coin), the Swiss twenty franc coin or the French twenty franc coins each (.1867 troy ounces per coin). Not all of these coins were minted and thus dated 1932 and prior, but many of these gold coins are minted 1932 and prior. These semi-numismatic coins are the least expensive way to purchase coins dated 1932 and prior. Some United States gold coins, such as the circulated twenty dollar gold piece also falls into this category.

NUMISMATIC GOLD

When the value of the coin is mostly determined by the rarity of the year and mint mark and not by its gold content, the coins is said to be a rare coin or a “numismatic gold coin.” Examples of this include un-circulated twenty dollar gold coins and circulated gold coins of the U.S. in lower denominations, minted prior to 1933 as well as foreign gold coins which have a large premium over the gold content. The advantage of this type of coin may also be it’s drawback. The value of the numismatic gold coin may not go up in value proportionately when the value of gold increases. This is because the value of the gold content is the least important aspect of the value of the rare coin. Most people purchase these coins because of the growth value in this collectible coin regardless of the gold marketplace.

CLIENT’S WISH LIST

Once the planner discovers what his client is trying to accomplish by gold ownership, the planner can best advise a specific gold vehicle or ownership strategy in which the client is comfortable by explaining the pluses and minuses of owning gold in different forms. Although some clients wish to use pre-taxed dollars to place gold into retirement programs such as non self directed Keogh or golden IRA, it appears as if most of the planners who have asked about placing gold into their clients' portfolios recently, are dealing with clients who seek to own gold as a "tangible" insurance policy. Most of these people view gold as an insurance policy against hyperinflation and I feel that their fears are warranted. The crux of this mentality is that one does not make money from an insurance policy, but one cannot afford not to have it. Intangible insurance is not income producing nor is tangible insurance, although both can be hypothecated when needed. However, if the insurance policy is used just once, it may more than pay for itself. Such is the mentality of those purchasing gold for this purpose.

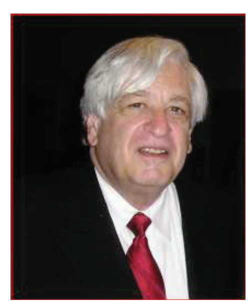
THE BOTTOM LINE

If you are a fee based planner, you may not understand all the privacy aspects involved, but there is no problem in drawing up a fully diversified portfolio with both tangible and intangible assets. The problem lies with the commissioned based planner. Some of these planners neither know the privacy aspects nor the tangible marketplace. They only recommend products in which they receive the largest commission. According to Raquel McAninch at the Registered Tangible Investment Advisors' Association, "When it comes to gold related bullion items, the commission based planner is often short sighted. He or she prices themselves out of the marketplace. That is because, with bullion gold products, the premium may be only three to five percent over the price of spot gold. An informed client will soon realize that the extra premium he has to pay by dealing through his planner is cost prohibitive. The end result is the possibility of losing this client altogether. Our research indicates that planners who accommodate their clients with a modest one percent fee will make more money in the long run with their clients. Many clients initially purchasing tangible assets in a bullion related form also progress to purchasing gold coins that are semi-numismatic and numismatic, in which higher commission spreads can be legitimately charged to the client. In addition, having a good rapport with the provider can often result in discounted packages of semi-numismatic and numismatic items to the planner."

THE PRIVACY ISSUE

When it comes to purchasing gold for an investment or as an insurance policy against economic turmoil, one cannot disregard the privacy factor. If the planner is hamstrung by agreements with securities firms, he should recommend his client to a financial privacy consultant. What good is having gold in a form that everyone knows your business? What good is having gold and then having it confiscated for what may be represented as a "fair value" when confiscated in the 1930's? Once again, the possible solution is to get help from a privacy expert. Someone who can assist you and your client by providing a tailor made strategy to accomplish their goals. What greater satisfaction can be had by the planner, who has helped his client preserve and insure wealth through the purchase of gold with "privacy.

Hal Chorney, TIA, RFC, founder and President of the **Tangible Investors Advisors' Association** is a highly booked speaker for the financial products and services industry. His talk is given to insurance companies, broker dealers as well as hard money advocate groups across the US. His talk succinctly emphasizes methods and forms of gold ownership as well as legal and lawful methods to preserve financial privacy in the acquisition of gold and other assets.



Hal has assisted the financial industry in the purchase, sale and appraisal of gold, silver, rare coins, stamps and other tangible assets for over 40 years.

Hal Chorney is also a frequent writer, published in ***Life Insurance Selling***, ***Financial Profiles***, ***Financial Services Advisor*** Magazine, ***The Inspirator International***, ***The IARFC Register***, ***The Financial Planning Encyclopedia***, and other publications. Chorney is author of the book ***What Happened to the Golden Frogs?***

For more information concerning gold and financial privacy, contact:

Hal Chorney, TIA, RFC
16 Spring Drive
Johnston, RI 02919
401-934-0536 (Phone)
hfchorney@earthlink.net (e-mail)

Circle Of Neighbors

The Power of Working Together

They provide you with the leads and the back end support for students and families as they prepare for college. You provide the personal contact, collect a fee and then help families to reposition their assets to maximize their eligibility for college financial aid.

Mark Your Calendar

The **Insurance Pro Shop** and **Circle of Neighbors** are offering a joint training session in **Las Vegas, Nevada** on **August 24, 25 & 26, 2009.** The training will be on the **Circle of Neighbors** program**,** by **Tom Lloyd - 1 1/2 days,** followed by **Advanced Fact Finding** training on how help families to reposition their assets to maximize their eligibility for college financial aid with **Lew & Jeremy Nason - 1 1/2 days**.

The cost of this training is only $1,000

($400 will be applied to the purchase of the leads from the **Circle of Neighbors**)

Here is what one advisor recently had to say...

Lew & Jeremy,

Tom Lloyd asked me to give you my feedback on my discussion with him.

I had received your email newsletter from IPS and it had information on **Circle of Neighbors**. I had reviewed the presentation before, but didn't act on it at the time. I had been in a career-agency in the past (semi-captive) and had received information regarding other college-planning marketing programs in the past. Having been a **LEAP** licensee, I know that it's important to find people who have a real NEED of the kind of work we do and WANT to do something about it and have the MEANS of accomplishing their goal and the desire to do something about it NOW.