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California Numismatic Investments

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## *About Silver Bullion*

### *Legal & Non-Legal Tender - Reporting Requirements - Premiums Explained*

Most everyone knows something about silver bullion coins and silver bullion bars. But the number of these products available today may cause even the experienced investor to pause. And then the consideration as to where to buy and sell silver bullion products at the right price requires consideration. The good news is that most silver bullion is similar in nature, meaning it moves up or down daily with the price of silver, buy and sell prices are easy to understand, and all silver bullion coins and bars are very liquid. Real silver bullion is easy to buy and sell, but Uncle Sam does watch some transactions closer than others so read on before making your choice and be sure to look closely at our [List of Reportable Silver Bullion Transactions](#) before making a choice.

The precious metals are measured by the Troy ounce (31.10 grams), as opposed to your bathroom or postal scale weight which is called Avoirdupois weight. An Avoirdupois ounce is 28.35 grams. The Troy ounce is about 10% heavier than Avoirdupois. 14.58 troy ounces = 16 postal scale ounces. This weight component is important to note, especially for beginners, because investment in silver bullion requires a bullion product. Bullion products have low premiums so investment in certified silver coins, for example, belongs on the rare coin side of the ledger and has nothing to do with silver as a commodity.

All real bullion products move directly with the New York Commodity Exchange, which opens for trading at 5:30 AM and closes at 10:30 AM California time. After the COMEX is closed the price of silver bullion usually remain constant until the beginning of the next trading day. But on occasion, especially on volatile or hectic trading days there is an aftermarket which may move physical prices either higher or lower.

A simple definition of any silver bullion coin or bar is one in which there is little premium above the content or weight value of the product. In other words you are buying only the commodity itself, you are not buying rarity. Bullion coins or bars like these will increase in value if world silver markets go up and will decrease in value if world markets go down. This happens because bullion manufacturers produce large numbers of each thus eliminating the notion of rarity and in the case of earlier (1964 or earlier) US silver coins the numbers still outstanding are so large they too have no rarity factor and their price is an excellent approximation of their silver weight.

So what is the difference between a bullion silver coin, a bar of silver and the old 90% silver bullion bag? In the early days of bullion trading all of these were pretty much the same when comparing ounce to ounce values. That was because the interest in silver investing had not developed into what we see today. But as more people became interested in owning silver bullion, and trading volume increased dramatically, and important differences became apparent.

### **Three Important Components Of Today's Silver Price**

1. The most obvious place to begin is the daily paper price of silver on the Comex (spot) and an awareness of any aftermarket. An aftermarket does not change the spot price but could change the physical product price. This happens because bullion dealers remain open after the Comex paper

close and in conducting business may reflect rising or falling demand between themselves. Most of the time the consumer need not be concerned because these changes are small, perhaps a few cents in one direction or another, but during market stress the aftermarket could become volatile so if you are not absolutely sure about placing an order just wait until the following day and see if the aftermarket premium goes down. This is prudent because once your order is placed the CNI trader hedges your order, aftermarket and all and the order cannot be cancelled or changes after the fact.

**2.** Next, and very important consideration is actual availability of the physical product you want. The manufacturing of some silver bullion products can be erratic even with solid public demand. The US Mint, for example, may decide to stop Silver Eagle production because of other priorities. When they work out their production problems the Mint will begin producing the Silver Eagle but this delay could last months and during this time a premium may develop which may add several dollars to the ounce price. The important point here is that lack of availability and increased demand always lead to increased premiums over what a silver bullion product should cost under normal circumstances.

**3.** Unless you are a purist, paying increased premiums does not make sense because they always move lower as new production enters the marketplace. Your best move is to compare relative premiums between similar bullion products and choose the bullion product with the lowest premium. You may be looking for a box of US Silver Eagles (500 count) and decide the premium on 90% bags is much lower, and therefore a better investment choice. This is true because you could be getting 10% or even 20% more silver bullion per dollar invested, which could translate into much higher profits if the market moves in your favor. Always remember that premiums come and go because they relate directly to public demand (or lack of it) so if you insist on a particular product when there is not much around and then the manufacture of this product produces plenty the premium you paid is likely to disappear. **The important rule here is simply that premiums are fleeting at best, you may or may not get them back when you are selling.**

This interactive chart shows the price of silver per ounce, historically. Please allow a minute to load.

Silver Chart courtesy of: <http://www.24hgold.com/>

See [The Silver Institute](#) for information on silver, including charts and statistics.

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## LEGAL TENDER SILVER BULLION COINS

[Silver Bullion Prices](#)


### \$1000 Face Value 90% Silver Bag

A popular way of owning silver bullion is in the form of \$1000 face value U.S. silver coins struck in 1964 or before. These fall into the general category of **Legal Tender** silver bullion, which has a specific definition in that Legal Tender is actually real money and can be minted only by sovereign governments. Bags weigh about 54 pounds and are sometimes called "junk" silver bags which is misleading. This unfortunate name was developed in the 1970s and used to describe a bag of average circulated silver coins which did not contain anything that was rare or collectable. These bags contain \$1000 face so if half dollars were used there would be 2,000 coins. If the bag contained quarters the count would be 4,000 coins. If the bag contained dimes there would be 10,000 coins. If a bag were melted it would contain about 715 oz. of pure silver but this is seldom done because the silver coins themselves are worth a premium. All silver coins struck in 1964 or sooner are 90% pure so bags will move up or down with the daily price of silver. If you want a handy way to approximate bag price changes, either up or down, figure a commercial 90% bag will move about 7 dollars for every one cent change in the daily paper market. For your convenience we divide a bag into two units of \$500 face each which makes for easier handling and storage.

Most of the time the selling price of these bags simply reflect their silver content, but because old silver coins are no longer being produced there may be other considerations as well. If demand for this particular silver product increases the price over their normal silver value could develop. Premiums also develop because the survival folks, who want U.S. silver coins for

barter, insist on this form of silver bullion. The premium on 90% silver bags can vary from negative (trading for less than content) to as much as 30% over their actual silver weight because of changes in public demand. The difference between the buy and sell is fairly constant and there are investors who buy bags when premiums are cheap or negative and trade them for 100 oz. bars when premiums increase substantially, thus increasing their net silver bullion position without additional charges. Some investors look particularly for silver legal tender coins because they believe that sooner or later this type of money will replace currency in circulation today. Some folks think this idea is silly but like the notion of having real US silver coins because they are easily identified. Either way, 90% silver bags are popular and make up a large percentage of silver bullion holdings today.

**Dealers are required by law to report your sale of \$1000 face 90% bags on I.R.S. Form 1099B, but smaller quantities of 90% are not reportable by the buying dealer.**

	Gross Weight	Fineness	Silver Content	Price
	54 pounds	0.900	715 Troy Oz.	<a href="#">Price</a>

## \$1000 Face Value Bag of Silver Dollars

This interesting play in silver is not exactly a bullion investment but it is not a rare coin investment either. Circulated silver dollars struck between 1878 and 1935 carry higher premiums, yet they are a prime source of legal tender silver coins because they are so recognizable. These early dollars are divided into two price categories. The more expensive Morgan dollar struck between 1878 and 1904, worth in the \$25 dollar range depending on the price of silver and the coin's condition. And the Peace dollar struck between 1921 and 1935, usually worth less but again driven by the price of silver and the coin's condition. There are better or key-date Morgan and Peace dollars which are worth more, sometimes substantially more but in 9 out of 10 cases most dates and mint marks from this era are common because they were minted in the millions, most of which are still around.


Both the Morgan and Peace silver dollars can be bought or sold by the bag (meaning a thousand silver dollars) but such bags should be carefully described as to the condition of the coins in each. Most commercial bags contain coins which are VG (Very Good) or better so when examined you will see only normal wear. They do not contain coins which have been excessively cleaned or are damaged, sometimes called "cull" examples. These options are popular because silver dollar bags have represented real, portable wealth for more than 100 years. **But because of the collector premium circulated silver dollars are not be your best choice when it come to a pure bullion investment.** It is possible that because even circulated silver dollars cost much more than their silver content an investor making this choice could see Comex silver advance 30% and still not be in a profit position just because of the extra collector value he paid. Also note that real silver dollars like these only contain about 3/4 of an ounce of

pure silver so do the math before making this choice and calling it a "bullion investment". A better way to describe circulated silver dollars is "semi-numismatic" meaning not really bullion but not really rare.

## \$1000 Face Value 40% Silver Bag

The last silver coin the United States made for general circulation was the 40% silver clad 50¢ struck from 1965 through 1969. This is another popular way to own silver bullion in legal tender form. Like circulated 90% coins these \$1000 face bags are traded primarily for content. Because they are 40% pure a bag contains substantially less silver (296 troy oz.) which is reflected in a lower selling price.




The buyer has a number of advantages. First these are real U.S. coins and therefore are legal tender (real money) of our nation so in an emergency this could be a significant. Second, the bag has a high face value (\$1000) which limits the money anyone could lose should silver move lower. This is easily seen in a down market because premiums almost always move higher. And finally, unlike 90% silver bags, dealers are not required to fill out I.R.S. Form 1099B on 40% bags when you sell. The one disadvantage is that because the coins are 40% silver it takes a larger storage area versus other forms of silver bullion. If you are talking about a bag or two this is not a big deal, but if you are a big player the storage factor should be considered.

	Gross Weight	Fineness	Silver Content	Price
	50 pounds	0.400	296 Troy Oz.	<a href="#">Price</a>

## United States Silver Eagle - US Legal Tender


This popular silver bullion product has been produced by the [United States Mint](#) since 1986. It contains 1 oz. of pure silver, and actually represents \$1 in legal tender, meaning real currency like a paper dollar. No person is going to spend this coin for a dollar's worth of gas, because the silver content is worth more than a dollar. This legal tender guarantee, however, backed by the US government provides an added plus with some investors. **The Mint produces these coins each year and their price fluctuates directly with silver but because production can be interrupted by the US Mint this bullion product can develop a large premium over melt when production is down and lose that premium when production is up.** It makes for good investment sense to check premiums carefully before purchase and if they are very high consider a lower premium bullion product. The big advantage in these silver bullion coins is they have complete worldwide recognition because they are produced and promoted by the US Mint.

	Gross Weight	Fineness	Silver Content	Diameter	Thickness	Price
<b>One Ounce US Silver Eagles</b>						

<p>Box of 500 weighs about 41 pounds</p> 	<p>41 Pounds</p>	<p>0.999</p>	<p>500.00 Troy ounces 15551.5 grams</p>	<p>Box dimensions: 12.75" x 8.5" x 4.75"</p>	<p><a href="#">Price</a></p>
<p>One Ounce US Silver Eagles Lot of 100</p> 	<p>8 pounds</p>	<p>0.999</p>	<p>100.00 Troy ounces 3110.3 grams</p>		<p><a href="#">Price</a></p>
<p>One Ounce US Silver Eagles are available in BU (Bullion/less expensive) and Proof (Collectible/more expensive)</p> 	<p>1.00 Troy ounce 31.072 grams</p>	<p>0.999</p>	<p>1.00 Troy ounces 31.103 grams</p>	<p>1.598" 40.60 mm</p>	<p>0.117" 2.96 mm</p>



## Austrian Silver Philharmonic


These beautiful silver bullion coins come in sealed mint boxes of 500 coins similar to the US Silver Eagles Green Monster Box. They are first rate in every respect and often sell at a lower premium than the Silver Eagle so consider this choice if you are looking for a great silver bullion investment without the extra cost of the US Silver Eagle. Recommended for a pure silver bullion play as long as premiums remain low.

	Gross Weight	Fineness	Silver Content	Diameter	Thickness	Price
	<p>1.00 Troy Ounces 31.072 grams</p>	<p>0.999</p>	<p>1.00 Troy Ounces 31.103 grams</p>	<p>37 mm</p>	<p>2 mm</p>	<p><a href="#">Price</a></p>

## Canadian Silver Maple Leaf

The [Royal Canadian Mint](#)'s Silver Maple Leaf 1 oz. silver bullion coin is also one of the great silver bullion products on the market today. Recognized and traded internationally because it is produced by the Canadian government these bullion coins also come in sealed mint boxes of 500 coins. They too make a first rate silver bullion investment play as long as premiums over spot remain low.

	Gross Weight	Fineness	Silver Content	Diameter	Thickness	Price
<p><b>One Ounce Silver Maple Leafs</b> Box of 500 weighs about 37 pounds</p> 	37 pounds	0.9999	500.00 Troy Ounces 15551.5 grams			<a href="#">Price</a>
<p><b>One Ounce Silver Maple Leafs</b> Lot of 100 with tubes.</p> 	8 pounds	0.9999	100.00 Troy Ounces 3110.3 grams			<a href="#">Price</a>
<p><b>One Ounce Silver Maple Leaf</b></p>						

	1.00 Troy Ounces 31.072 grams	0.9999	1.00 Troy Ounces 31.103 grams	38 mm	2.87 mm	<a href="#">Price</a>
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## NON-LEGAL TENDER SILVER BULLION

[Silver Bullion Prices](#)

### COMEX Bar approximately 1000 oz. 0.999 Fine

New York Commodity Exchange (COMEX) and Royal Canadian Mint (RCM) are rough looking bars which vary in size and are traded using the exact stamped weight. All buy or sell spot prices are multiplied by the actual bar weight. This is a good way to purchase silver as premiums are always low on these bars, but their weight (65 pounds) is a big disadvantage as moving is very difficult. Most investors are willing to give up the few cents saved for easier portability and the fact that smaller units provide choices as to how much one can sell at any given time. Still these large bars are a popular and cheap way to own silver bullion. Also note that we say **approximately** 1000 ounces, Comex bars are stamped with an exact weight but for some strange reason these weights vary an ounce or two from bar to bar, so the amount you pay per ounce is the same but the total will be adjusted to the specific bar weight in each case.

**We are required to report your sale of any 1000 oz. COMEX bar, there is no reporting when you buy unless it is a large cash transaction.**

	Gross Weight	Fineness	Silver Content	Dimensions	Price
	65 pounds	0.999	Approx. 1000 Troy Oz.	Approx. 15" x 6" x 4"	<a href="#">Price</a>



### 100 oz. Silver Bar

The 100 oz. bar has been one of the most popular ways to own bullion silver for decades. Its size is convenient and purity (0.999 Fine) easily understood. All bullion bars fall into the general category of Non-Legal Tender silver bullion because they are produced by private firms. For years the two most accepted 100 oz. bars were produced by [Johnson and Matthey \(J.M.\)](#) and



[Engelhard](#) but production delays allowed other good manufactures to increase market share so today there are many quality bars like Academy and others which trade worldwide and have consistent pricing and acceptability. All these 100 oz. bars weigh 6.8 pounds, are easily identified, and easily moved.


**We are required by law to report your sale of 10 or more 100 oz. silver bars on I.R.S. Form 1099B.**


	Gross Weight	Fineness	Silver Content	Dimensions	Price
Johnson Matthey brand 	100 Troy Ounces	0.999	100 Troy Ounces	Approx. 6" x 2" x 1.5"	<a href="#">Price</a>
Engelhard brand 	100 Troy Ounces	0.999	100 Troy Ounces	Approx. 5.5" x 2.5" x 1"	<a href="#">Price</a>
Academy brand 	100 Troy Ounces	0.999	100 Troy Ounces	Approx. 5.5" x 2.5" x 1"	<a href="#">Price</a>
Royal Canadian Mint brand	100 Troy Ounces	0.9999	100 Troy Ounces		<a href="#">Price</a>

## 1 oz. & 10 oz. Silver Bar

Finally, and equally popular are these 0.999 fine smaller 1 oz. and 10 oz. units. In each case the two so called "generic" rounds or bars trade worldwide and can be bought or sold in virtually any quantity. They do, however, cost slightly more than 100 oz. bars but are easier to handle and popular with investors who want the ability to sell or buy smaller quantities at any given time. Today the 1 oz. silver piece is produced in the shape of a coin instead of a bar because they are easily stored in plastic tubes, thus the name 1 oz. silver rounds. They are struck by a variety of excellent private mints and thus have many different pictures and symbols on the front and back. All, however, are clearly identified as to weight and content. These smaller units are very

popular with those investors who want them for potential barter purposes.

	Gross Weight	Fineness	Silver Content	Dimensions	Price
 <p><b>Sample image.</b> Actual item may look different but each is clearly identified as to weight and content.</p>	1 troy oz.	0.999	1.00 Troy Oz.	Varies, approximately 44 mm (1.6 inches)	<a href="#">Price</a>

 <p><b>Sample image.</b> Actual item may look different but each is clearly identified as to weight and content.</p>	10 troy oz.	0.999	10 Troy Oz.	Varies, approximately 3" x 2" x 0.25"	<a href="#">Price</a>
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