

Buying 1-ounce gold bars as a beginner? Do these 5 things first, experts say

MONEYWATCH: MANAGING YOUR MONEY

**MONEY
WATCH**

By Jake Safane

Edited By Angelica Leicht

July 10, 2024 / 4:10 11 PM EDT / CBS News



Make sure you know exactly what to do if you're planning to put money into 1-ounce gold bars soon.

GETTY IMAGES/ISTOCKPHOTO

The price of gold has been on the upswing lately, such as with many investors trying to hedge against inflation and looking to diversify in these uncertain times. In May 2024, there was a record gold price per ounce of over \$2,400, though prices have since dropped a bit, leaving the price of gold to hover above \$2,300 per ounce (as of July 5, 2024).

Amid these conditions, many investors are still eager to buy gold, but before you pay over \$2,300 for a 1-ounce gold bar, it's important to understand what to look out for. Learn more about how gold investing could have big benefits for your portfolio now.

Buying 1-ounce gold bars as a beginner? Do these 5 things first, experts say

Consider the following expert tips if you're planning to purchase 1-ounce gold bars in today's economic environment:

Choose a reputable dealer

Gold investors should be cautious about where they buy from. Take the time to find a trustworthy dealer.

"The precious metals industry is federally non-regulated, so working with a reputable dealer is priority number one. Choose an established company with a solid reputation; it is truly the most important step you can take," says Andy Schectman, CEO at Miles Franklin.

[Explore your top gold investing options online here.](#)

Choose a reputable production source

You can't buy directly from sources like the U.S. Mint, which is why you need to find a reputable dealer first. However, where your gold bar was actually created can make a difference.

"Once you find a dealer you trust, look for a bar manufacturer or refiner that is highly regarded," says Schectman.

Some gold bar mints are private while others are government-run. Either way, choosing a bar that comes from a highly regarded mint can make a difference.

"Some well-known private mints include PAMP and Valcambi. Sovereign mints such as the US Mint, the Royal Canadian Mint, the Perth Mint, and other government-run mints produce high-quality bars that have very high production standards," says Brett Elliott, marketing director at APMEX.

This can make a valuable difference when it comes to selling your gold bars in the future.

"A serialized bar from a well-known mint will help you sell the bar without the need for destructive assays. A fire or acid assay is sometimes used to test purity, which destroys a small bit of the gold bar and lowers the value," adds Elliot.

Consider the full costs

The spot price of gold that you see in financial headlines doesn't always track exactly with what you'd pay when buying gold from a dealer, as they're making a margin on the sale. However, you can often pay a lower premium when buying a 1-ounce gold bar, compared to a smaller denomination, like some gold coins.

Still, it's important to understand the full costs of buying gold, such as those related to custody. Even if you don't pay storage costs by just keeping the bar at home, you may want to up your insurance.

"Unfortunately, most homeowner's insurance policies are not going to suffice since their coverage limits are around \$1,000 or less" for gold," says Michael Unger, vice president of investments and planning at Coral Gables Trust. "With the current price of gold around \$2,350 an ounce, you will need to take out a separate insurance policy specifically to protect it."

Taxes can be an issue too, and that might spur some investors to avoid gold bars in favor of exposure via gold futures, gold stocks, and other assets that do not require physical possession.

"Before purchasing physical gold, investors should be aware of the digital alternatives. Gold can easily be purchased through an ETF, which will help reduce the hidden costs of ownership. This route not only provides efficiencies through transaction costs but can be taxed at a more favorable rate," says Unger.

"The IRS views gold as a collectible, which places it in the maximum capital gains tax rate of 28%. Investors can bypass this by purchasing gold stocks or ETFs that invest in mining companies to reduce their maximum capital gain tax rate to 20%," he adds.

Consider safety

Related to the full costs of gold investing, if buying physical bars, you should also have a plan first of how you're going to keep them safe, especially if you're keeping them in your home.

"The three layers of security you should consider for home storage are secrecy, utilizing a hidden location, and using a good safe," says Elliott. "Secrecy is the best security. Most of the safes you find at sporting goods stores can be opened by a professional burglar with a crowbar in less than a minute. If no one knows you have gold, you're less likely to be targeted."

Think about liquidity

Lastly, even if you plan to keep gold indefinitely, you never know when circumstances will change, so you should be aware of liquidity options ahead of time.

"New investors should first ensure they have a savings account for emergencies before investing in gold. While gold is easy to liquidate, the value of gold changes constantly. You don't want to buy gold and then be forced to sell in the short term to cover living expenses," says Elliott.

You also might decide that you'd rather make a gold investment that does not involve physical gold, as that could enable you to liquidate your assets faster and potentially at a lower premium.

The bottom line

While buying 1-ounce gold bars can help investors diversify, it's important to understand the full scope of what you're getting into before making a purchase, especially considering the relatively high price of gold per ounce. You don't want to spend thousands of dollars on a gold bar from a non-reputable source, for example. And you want to make sure that you account for the full costs and risks before making such a big purchase.

CBS MoneyWatch

CBS MoneyWatch, a division of CBS News and property of CBS Interactive, is a personal finance website that provides advice on retirement, investing, savings, career and real estate.

UVM: 44,417,564