

FREQUENTLY ASKED QUESTIONS

Q Do dealers buy bullion back at the same price they sell it?

A No, the “spread,” or difference between the buying and selling prices allows dealers to stay in business and is much the same as when banks charge more interest for loans than they pay for savings accounts. The precious metals bullion business is a very competitive one, and the profit margin, or spread, is very small compared to almost any other inventory business.

Q Will I pay duty if I purchase from Canada?

A Precious Metals that are .999 fine shipped to Canada are not subject to Duty or NAFTA fees or GST. Please email Service@firstnationalbullion.com with your Canadian purchase questions.

Q Are bullion purchases taxable?

A First National Bullion does not collect any tax, including sales tax. California State sales tax is not collected on any bullion orders. We are not required to collect sales tax from other states.

Q Are bullion coins legal tender?

A Yes, if they are government issued bullion coins with a face value. This nominal face value allows the coins to travel across national borders without the taxation or fees otherwise imposed by many countries on bullion itself.

Q Was gold illegal to own at one time?

A Yes, in this country, from 1933 to 1974 U.S. citizens could not legally own gold bullion without a special license. In 1975 these restrictions were lifted and gold can now be freely held without any licensing or restrictions.

Q What are the limits on how much gold I can own?

A Private gold ownership in the United States has no size limitations. You are limited only by your budget and common sense.

Q Are bullion transactions of \$10,000 or more reported to the government?

A Only if they involve cash or cash instruments such as cashiers checks which total over \$10,000. No report on transactions involving single checks or bank wires is required. Currency regulations involving amounts over \$10,000 were designed to thwart money launderers and drug dealers.

Q If I sell gold to you, is that reported?

A Certain forms of gold which traded as commodity contracts in 1982 fall under the Broker Reporting Act of 1982. Specifically named are South African Krugerrands, Canadian Maple Leafs, and Mexican gold Onzas in quantities of 25 ounces (one 'contract') or more. Sales of these items in contract quantities require a 1099B IRS information form, reporting the sale of a regulated commodity contract.

Q Do I have to report my gold coin purchases to the Government?

A No branch of federal, state, or local government has specific interest in how much gold you might own. The U.S. Mint, a division of the Treasury Department, strikes the gold Eagle bullion coins, and supports their sale with national advertising, sales brochures, gift boxes, and so on, but they do not keep track of who is buying it from their dealers.

Q Do I have to pay taxes if I sell my bullion coins for a profit?

A Yes. If you hold precious metals bullion as an investment, and later sell it at a profit, you will have either a long-term or short-term taxable gain,

Q Do scuff marks or scratches affect the value of my bullion coin or bar?

A No. The physical appearance of your bullion coin or bar does not affect its resale value. Rather, its value is determined by the following three factors: metal, weight, and purity. The per ounce prices for precious metals like gold and silver are determined by world market conditions. Naturally, since the market price for each precious metal is determined on a per ounce basis, the weight of your bullion coin or bar will also always factor into its overall value. Finally, the purity of the metal from which your coin or bar is minted is important. The purity of bullion products can vary. Increasingly, however, government backed bullion coins and bars are refined to 99.99% purity, the highest level available on the market. Moreover, most bullion products are stamped with their exact purity for easy identification.

Q What is the best way to store bullion?

A For anyone new to bullion investing, the question of how and where to store precious metal bullion coins and bars can be a perplexing one. When making this decision, investors should consider the following three factors: size, security and liquidity.

Size

Bullion products come in a variety of sizes and weights, which often determines their suitability for certain storage locations. Some precious metal bars, for example, can weigh up to 70 pounds. For practical reasons, those interested in purchasing bulk quantities of bullion will probably want to enlist the services of a registered precious metal storage facility. Those looking to keep their investment closer at hand may want to consider purchasing smaller sized precious metal bars or bullion coins, which can be stored and transported more easily.

Security

If an investor's greatest concern is security, registered storage facilities, as well as many banks, offer vaults devoted exclusively to safeguarding bullion commodities. Typically, these facilities offer additional insurance policies for a nominal monthly fee.

Liquidity

The major attraction of owning physical metal for some investors is its liquidity. For those who put a premium on having ready access at all times to their bullion investments, home storage is certainly an option. However, through First National Bullion you can purchase precious metals for personal delivery or arrange for suitable storage at an independent bank or depository. If you prefer to finance your purchase, you can receive a loan for up to 80 percent of the value of your precious metals from Global Asset Management, a leading precious metals clearing firm and financing institution. If your purchase is financed, you can take personal delivery at any time without penalty by paying the balance of your loan. Of course, you are also able to sell your precious metals at any time with a simple phone call to your broker.

Q What sizes do gold bars come in?

A Gold bars, like other precious metal bars, are typically measured in units of weight as opposed to their linear or physical dimensions. Precious metal bars are "assayed" or evaluated by professionals to determine their exact weight, and this value is generally stamped on the obverse or front of the bar itself.

Although the metric system is commonly used to identify denominations for gold bullion bars traded throughout the world, the Troy ounce is a widely recognized standard unit of measurement. One Troy ounce is equal to approximately 1.1 ounces. Standard denominations for retail gold bullion bars are 1, 5, and 10 Troy ounces. Smaller gold bars (weighing less than 1 Troy ounce) are often measured in grams.

Q How much are my old silver coins worth?

A The value of circulated U.S. silver coins, such as Morgan and Peace Silver Dollars, is determined by several factors, including their silver content, their overall physical condition or "grade," and the rarity of the specific coin.

Silver Content

Circulated U.S. coins in a variety of denominations and from several distinct periods in American history are sought out by investors for their silver content. Prior to 1964 in the United States, dimes, nickels, and quarters minted for circulation contained up to 90% silver. Morgan Dollars, which were first struck by the U.S. Mint in 1878 and produced until 1921, also contain 90% silver. The value of these and other circulated coins, based on the silver content alone, is determined by the fluctuating price of silver on world markets.

Grade

Silver coins are also evaluated or graded based on their physical condition. Generally, coins can be classified into two distinct categories: circulated and un-circulated. The American Numismatics Association (ANA) recognizes 11 different grades for circulated coins, ranging from AG-3 at the bottom of the scale to AU-58 at the top.

Rarity

Market prices for circulated silver coins can vary widely depending on the rarity of a particular coin design or date of issue. The Mercury Dime is the perfect illustration of this point. Minted from 1916 to 1945 at the Philadelphia, San Francisco, and Denver Mints, it weighs about 2.5 grams and contains 90% silver. While the 1944 Mercury Dime retails for approximately \$1.50, the much rarer 1921-D ("D" is the mark of the Denver Mint) sells for more than \$500.