

# Selling Your Gold

Gold is \$900 an ounce, so if I have an ounce of old gold jewelry, I'll get \$900, right?

Well, you don't have an ounce of gold. The postal scale you used to weigh it uses the wrong kind of ounce. You have an avoirdupois ounce; precious metals are weighed in troy ounces.

A troy ounce, named for Troyes, France where it is said to have originated long ago, is about 10% larger than the ounce you know about.

Now that you've made your weight correction, you still don't have an ounce of gold. Your jewelry is 14 karat gold. The gold price you hear is for pure gold, 24 karat. 14 karat gold is  $14/24^{\text{ths}}$ , or 58.3% gold, so you only have .583 ounce of gold.

Well, not really. Your 14 karat gold will be bought at 13½ karat, or 56.25% gold. Prior to 1981, it was legal to sell 13 or 13½ karat as 14 karat. This was permitted by the National Gold and Silver Marking Act of 1906.

At that time assay technology was crude, so the Act allowed items containing solder to be 13 karat and those without solder to be 13½ karat, yet be marked 14 karat. Today, gold solders are "plumb", actually 14 karat, but back then they were lower karat because they lacked the technology to lower the melting point of the solder without lowering the amount of gold.

In 1981, an amendment to the Act tightened tolerances to within 7 parts per thousand for jewelry containing solder and 3 parts per thousand for that without solder.

At any rate, you know no one will put in more gold than is absolutely necessary and you know that some people will always cheat. So 14 karat jewelry sold for scrap is always bought at 13½ karat. It's the same for 10 or 18 karat, too — it sells at ½ karat less.

Now that we have ounces sorted out, you can forget about them. You will sell your jewelry by the pennyweight.

There are 20 pennyweights to the troy ounce. Most jewelry weighs well under an ounce so it is more convenient to use pennyweights rather than fractions of an ounce.

You will be paid so much per pennyweight for your old gold. The price will be adjusted for the karat of gold. You will get more per pennyweight for 18 karat than 14 karat because 18 karat contains more gold; it is  $18/24^{\text{ths}}$  or 75% gold. Conversely, you will be paid less for 10 karat gold.

The price you get will be based on the market price of gold the day you sell it. The market price of gold fluctuates every minute during trading hours which are around the clock weekdays, since Asian markets are open when the New York and London markets are closed.

The price you receive for your old gold is strictly for the salvage value of the raw material, the gold. It will be a fraction of what you paid for the jewelry new. Many people naively think that somehow jewelry only costs a little more than the value of the precious metal it contains. Like any other manufactured product, the people who make it, ship it, insure it, and sell it make a living, just like you.

The value of the gold in jewelry is a much larger fraction of its retail price than for the raw materials of any other product. This is simply because the raw material is so expensive that other costs are relatively small in proportion.

The price you will receive for your old gold is set by each jeweler and varies considerably. The jeweler makes a profit, of course. But the profit percentage should be modest since the numbers are large – thousands of dollars – and the sale is certain, unlike new jewelry that may sit for years.

Also, those thousands of dollars are permanently tied up to maintain the capacity to buy. This is why even brand-new salable jewelry you sell gets melted down. It would tie up too much money to put it in the case for sale and, in this economy, who would buy it? That's the flip side of high gold prices.

Generally, the only interest is for the gold in jewelry. Any gemstones or small diamonds should be removed and returned to you. The stones in most commercial jewelry have little resale value. Some of the small diamonds aren't even worth removing. However, if you have jewelry with significant gemstones or diamonds you should sell it as a piece of jewelry, not for scrap gold. Unless you have a truly fabulous piece of jewelry, it may be difficult to find a jeweler who is interested and you will probably get considerably less than you paid. Again, it's about tying up money in a poor economy.

The jeweler sells your gold to a refinery to be melted and chemically turned back into pure gold. This involves very corrosive acids or chlorine gas; it is not something that is done in the back of a store. The jeweler receives less than the market value of the gold, since the refinery has to make a profit, too.

Your gold will be tested to be sure it is gold and to determine its karat. Gold is tested for karat by rubbing the item across a black basalt stone to get a streak and then putting a little drop of acid on the streak to see if it dissolves. This is the origin of the phrase "acid test".

The acid is called aqua regia, Latin for noble liquid, so named because it will dissolve gold. It is a mixture of nitric and hydrochloric acids. Aqua regia is formulated in a variety of proportions to dissolve different karats of gold. If the streak stays with 14 karat acid and dissolves in 18 karat acid, the gold is 14 karat.

There are other karats of gold than those familiar in the U.S., 10, 14, and 18 karat. Often gold is marked with a number indicating its purity rather than its karat number. See the table below.

Mark	Karat	Typical Origin
333	8	Germany
375	9	England, Ireland
417	10	U.S.
583/585	14	U.S. Russia
750	18	Most of world
800	19	Portugal
875	21	Middle East
917	22	India
999	24	China, S.E. Asia

You can also sell platinum and silver for scrap. Silver is less than \$14 an ounce so you will need a lot of it to add up. A few pieces of silver jewelry will only bring a few dollars, if that. Sterling flatware has some heft to it, but you will still need a pound of it to get over \$100. If you have flatware or hollow ware, it will be marked "sterling", not just with a company name. Sterling jewelry is often marked "925" because sterling silver is 92.5% silver, by definition. Although the word "sterling" has connotations of excellence or superiority, in this context it is just the name of the 92.5% alloy of silver and copper.

You will get quite a bit more for platinum jewelry than for gold. Platinum currently costs 15-20% more than gold, is 90-95% pure and almost 70% more dense than 14 karat gold. The combination of higher price and purity and more weight than for a comparable gold piece will translate into a higher price.

Joseph's buys old gold for cash and pays a good price. Prices are posted in the store.

*Please note: Monday and Tuesday, the jeweler is in from 2 - 4 in the afternoon, all other days for the full store hours.*