

The 5P Strategy of Rare Coin Collecting

Before buying any coin, we always recommend that collectors take a step back to get an overview of the market before purchasing to insure their decisions actually add value to their collections.

In the spirit of offering some guidance on what kinds of analysis collectors should undertake before purchasing, we have summarized what we believe to be some of the most important numismatic criteria to consider. To make it easy to remember, we call these criteria: “The Five P Strategy of Rare Coin Collecting.”

Popularity: At the top of the list of any numismatic considerations is a coin’s overall popularity among collectors. In other words, is the coin likely to have ongoing and significant collector interest over time? Among our routine recommendations to collectors based on popularity are the Type II and Type III Liberty Double Eagles, the Indian Head Quarter Eagles, and the entire American Eagle family of coins, especially the key date, low mintage \$25 Gold Eagles, as well as the \$25 and \$50 Platinum Eagles. All of these coins have proven their long-term popularity with collectors and are good places to begin for serious collectors.

Precious Metals:

Historically, the U.S. coins that achieve the most significant and sustained collector interest over time are those minted with gold, silver or platinum. With the modern day exception of the legal tender American Eagle family of coins, most circulating U.S. coins no longer contain any precious metals content. For this reason, such coins are not likely to achieve significantly increased popularity and demand in the future. Conversely, U.S. coins backed with precious metals content are highly prized among collectors and are likely to remain so in the future, in part because of their precious metals content.

Pretty: Classic coin designs, like the Double Eagles and Indian Heads, with pretty “eye appeal” are perennial best sellers and always in high demand among savvy collectors. Such coins are typically “bright” in appearance with good mint luster, or attractively “toned” coins, which are extremely desirable among collectors if the colors are rich and vibrant, and not too dark.

Preservation: A coin’s “condition” is a major factor in determining its desirability to collectors.

Generally speaking, Proof and Business strike coins in above average condition for the series are most desirable. Although lesser grade rarities can often offer excellent coin collecting opportunities, coins in better preserved conditions are generally more highly prized by collectors. Buying a coin whose condition is certified and guaranteed by NGC or PCGS is good insurance as well.



Population:

Rarity of a coin is perhaps the most significant factor to consider when looking at the price of a popular specific coin. In general, the more rare a coin, the higher its price is likely to be, both now and in the future. With the advent of reliable third party certification of coins in 1986, collectors now have access to credible empirical data detailing the exact population of coins graded and certified by either Numismatic Guaranty Corporation [NGC] or Professional Coin Grading Service [PCGS], the two leading independent grading services most recognized by coin professionals and collectors.

Two Popular Collecting Strategies: **Ultra Rarities & Set Building**

Savvy collectors use both!

While the “Five P Strategy” provides general guidelines for coin collecting under any market conditions, there are two specific collecting strategies we recommend in today’s red-hot coin markets.

1) Buy eye appealing ultra rarities now. In today’s wired technological world, it is relatively easy for individual collectors to seek out and find truly important coins. Such coins are usually spectacular specimens of real historical importance and numismatic significance. Some times, such coins can still be found at prices that are lower than their previous historical peak prices. Given the macro trends and forecasts for the current markets, such coins are likely to see significantly higher future prices. Therefore, it makes sound collecting sense to purchase such coins sooner rather than later.

2) Build desirable rare coin sets. This is perhaps the ultimate strategy for coin collectors who wish to build a collection of pedigree, esteem and desirability. History has proven that set building enhances the long-term numismatic desirability of a collection and doing so does not necessarily mean spending extra dollars. For example, buying complete sets of the modern day American Eagle family of coins as close to their original date of issuance, while their prices are likely to be as low as they are ever going to be, is a sure fire way of achieving the completion of a desirable collection.

R.S. Yeoman, the prominent numismatic author said it best: “The system of collecting by dates and mint marks made all the difference in the world. The idea of filling holes one by one until the collector had put together a complete set had a tremendous impact upon the American public.” People collect many things of little “real” value. In contrast, rare coin collecting offers an opportunity to pursue something of historical significance that has true heirloom value to you. Set building strategies like collecting by type or mint mark offer clear and deliberate paths for collectors to follow to success.



For years, savvy collectors have built sets of classic American coins, while enjoying great rewards for their efforts. There are a large number of U.S. coin series from which to choose presenting a vast number of set building possibilities.

For example, collectors most commonly collect coins by “type.” This simply means, they seek to own at least one coin of each different “type” of coin minted by denomination, Mint mark, metal-type or historical era. Following this strategy only, collectors have a multitude of options.

Another similar “type” strategy is to build a complete set of a particular coin series by acquiring one example of each date and/or mint mark for that series. This strategy is often employed when collecting U.S. coin rarities like Type II and Type III Liberty Double Eagles or Indian Head Quarter Eagles.

The good news about employing this kind of strategy is that there is a reasonable expectation to complete such sets with a precise “type” focus. Such sets, thoughtfully assembled, are often more desirable to collectors who are generally willing to pay a premium on each individual coin if the set can be acquired all at once. “Complete sets can bring a dramatic premium,” says Mike Fuljenz, a prominent award-winning numismatic author. “When sets are assembled carefully, with the assistance of an experienced rare coin expert, they can be quite appealing in their beauty and historical completeness to future collectors.” Fuljenz calculates that, in past markets, these factors have added as much as a 20% price premium to the final sales price of a well assembled set.

While there are no guarantees that a coin collection will sell someday for more or less than a collector paid, starting a coin set is fun, and the non-stop satisfaction makes the whole long-term learning experience worthwhile from start to finish. Begin today, and maybe one day your name will be recognized as one of the great collectors of all time, just like Eliasberg, Garrett and Bareford. It will probably cost you much less the sooner you begin.