

RARE COINS IN ESTATES
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One of the more challenging assets to be found in a decedent's estate is the coin collection. Like any other asset, coin collections vary from the trivial and mundane to the fabulously valuable. Some collections, then, may be comprised of worthless pocket change while others may rival that of Louis E. Eliasberg, Sr., who put together the only complete collection of United States coins ever assembled. Most collections, of course, fall between these extremes. Regardless of the value of such a collection, the heirs and beneficiaries of the decedent are almost always at a loss as to the valuation and disposal of such a collection as they probably do not share the decedent's passion for collecting. This knowledge gap may result in significant errors, all which may be avoided or minimized.

I. DETERMINATION OF THE NATURE OF THE COLLECTION

The first determination that must be made is somewhat simplistic on its face: Is this a coin collection or merely a collection of coins?¹ A true coin collection is a group of coins that are bound together by some unifying factor or set of factors. A coin collection might be comprised of all silver Washington quarters or Morgan dollars. A coin collection might be a "type" set in which representative examples of many different series and denominations are present. A collection of coins, on the other hand, is merely a disparate group of pieces that were saved by the owner. Usually, such a set is made up of pocket change that has been pulled from circulation over a period of years or decades. Whether the coins are part of a true collection or a pile of pocket change will cause the value of the collection to rise or fall accordingly (see Paragraphs IV and VI below).

II. DISPOSITION OF THE COLLECTION

An early decision the heirs must make is what the disposition of the collection will be. Of course, if the decedent's Will gives the collection to a specific beneficiary, then, the dictates of the Will must be followed. Many times, however, the Will merely leaves all tangible personal property (which would include a coin collection) to "the children" or "my spouse." If the heirs decide to liquidate the collection, the challenge becomes how to value, preserve and dispose of the pieces. Even if the coins will not be sold, it is important to understand which coins are valuable and how to protect them.

III. VALUATION

The determination of the value of a rare coin is based upon a large number of factors: the condition of the coin, the strike of the coin as compared to other coins of that type and year, supply and demand, and various fuzzy concepts such as "eye appeal." It is readily apparent, then, that valuation is one of the more subjective areas of coin collecting. The preservation of the coin (also known as the grade) can make a tremendous difference in value. For example, an uncirculated 1923-S Peace Dollar may be worth approximately \$40.00 or \$8,500.00 depending upon the grade. Proper determination of the grades of the coins in a collection is critical to heirs who are attempting to divide or dispose of it.

IV. APPRAISAL

Whether a coin collection is to be sold by the estate (or the heirs) or dispersed among the beneficiaries of the estate, good practice is to obtain an appraisal of the coins. A good appraiser will (1) be able to ascertain the values of the coins, (2) know any special attributes that a coin or coins may have that would render them more valuable than normal, and (3) be able to give advice as to the best marketing of some or all of the pieces. Appraisers of rare coins are often coin dealers, but antique dealers and other professionals of that type may be acceptable. A good appraiser should have many years of experience in grading coins in particular, and the appraiser should be a member of an established, reputable numismatic organization such as the American Numismatic Association (ANA). An appraiser who has references from local banks, accountants or attorneys is preferable. The amount charged by the appraiser will vary based upon the sheer volume of the collection and the nature of the coins themselves. Some coins will require research in order to properly value them. Hourly prices ranging from \$50.00-250.00 are not unusual.

The appraiser or coin dealer may suggest that certain more valuable pieces be sent to third-party grading and certification services such as the Professional Coin Grading Service (PCGS) or the Numismatic Guaranty Corporation (NGC). These services will charge a fee ranging from \$10-\$50 per coin to authenticate, grade and preserve the coins. The coins are placed in a sealed plastic holder that states the coin's grade and type. Whether third-party grading makes sense will depend on the value of the pieces and the potential chance that the service will grade the coin higher than the appraiser or dealer.

V. STORAGE AND CARE

Whether a coin collection is to be held or sold, proper storage is critical. Coins that the decedent owned for many years may be held in soft, two-pocket holders known as "flips." Many of these older holders contain polyvinyl chloride (PVC). Over time, PVC will coat coins with "green slime" and ruin their value. Likewise, cardboard holders and paper envelopes may contain sulfur, which will react with the surface of the coins and cause toning. Any knowledgeable dealer or appraiser should be able to refer the heirs to a retailer of coin supplies that can provide modern storage containers and coin preservation materials.

There is often a tendency among laymen to clean coins in order to "improve" them. Such a siren desire may even be found among the best dealers and collectors. The best rule of thumb, though, is that only an expert should clean a coin. Improper cleaning will destroy the value of a coin. Reputable preservation services such as Numismatic Conservation Services (NCS) may be able restore coins that have been damaged by dirt, PVC or sulfur.

VI. SALE

If the estate's fiduciary or the beneficiaries decide to liquidate the collection, there are many ways to accomplish this goal. First, the collection may be sold to a coin dealer.

The heirs should understand, though, that the value offered by a coin dealer will often be driven by whether the dealer has a ready buyer for the coin(s) and the overall market for pieces for which there is no ready buyer. Wholesale rather than retail values will be offered, as the dealer must make a profit on the transaction. One benefit of a sale to a dealer is that the dealer can be persuaded to take the entire collection rather than parts of it. Disposal of the entire collection is especially useful when many of the coins have no significant numismatic value, but are worth more than face value. A dealer also may be willing to serve as an agent to aid in selling the coins to a third party buyer, at auction or by consignment.

An antiques dealer will often agree to sell the coins as part of an estate sale for the furniture and household items. Since the success of an estate sale depends on such factors as local attendance, advertising and even weather, the value obtained at an estate sale may be far lower than that which may be obtained in other ways. Also, some or many pieces may fail to sell, which in turn can lower the value of those remaining pieces.

If the appraiser also happens to be a coin dealer or an antiques dealer, that person makes a natural buyer. Great caution should be exercised in selling the collection to the same individual who appraised the collection since an inherent conflict exists. The purpose of the appraisal is to determine the market value of the collection, not the value at which the appraiser would purchase the collection.

Another option is to sell the collection by auction. The fiduciary of the estate or the heirs may do this themselves, or they may consign the pieces to various auction sites such as Heritage Auctions, Teletrade[®], David Lawrence Rare Coins and numerous others. The major auction sites typically charge buyer's premiums, and some charge seller's fees. These costs should be compared in order to obtain the best prices for the collection. The auction sites will usually take superb photographs of the coins that may help them sell better and appeal to a wider audience. Hopefully, the exposure to a wider audience on the internet will help the collection obtain a maximum value. The auction site may not agree to take any pieces that are either uncertified by the major grading services or are of little or no numismatic value, though, so the heirs may find themselves still holding a number of relatively worthless pieces.

VII. CONCLUSION

While a coin collection often presents a significant challenge to the heirs or fiduciary of an estate, good decisions may be made if the parties are careful. The most important task is to find honest, competent help in order to separate that which is valuable from that which is not. Good advice from the beginning is instrumental in avoiding the many pitfalls inherent in preserving or disposing of rare coins.

¹ This distinction is one drawn solely by the author from a lifetime of collecting and investing in rare coins.