

# **Gold American Eagle vs South African Krugerrand: A Comparison**

This document compares two of the world's most recognized and widely traded gold bullion coins: the Gold American Eagle and the South African Krugerrand. We examine factors like purity, IRA eligibility, mints, liquidity, market demand, total cost to own, and appearance to help investors make informed decisions between these popular gold coins.

# Purity and Composition

## Gold American Eagle

The Gold American Eagle is made up of 91.67% gold, 3% silver, and 5.33% copper. This alloy makes the coin more resistant to wear and tear. Although its purity in gold content is 91.67% (or .9167 fine), the 1 oz version of the Gold American Eagle still contains a full troy ounce of gold.

## Krugerrand

The Gold Krugerrand is made up of 91.67% gold and 8.33% copper. Adding copper gives the coin its distinctive, slightly reddish hue and adds durability. Adding copper gives the coin a distinctive, slightly reddish hue and adds durability.

Both the Gold American Eagle and the Krugerrand have the same gold purity of 91.67%. The difference lies in their alloy metals. The American Eagle contains a small percentage of silver, while the Krugerrand does not. The presence of alloy metals in both coins ensures durability.

# Specifications and IRA Eligibility

| Specification     | Gold American Eagle         | Gold Krugerrand            |
|-------------------|-----------------------------|----------------------------|
| Year Introduced   | 1986                        | 1967                       |
| Country of Origin | United States               | South Africa               |
| Affiliation       | U.S. Department of Treasury | South African Reserve Bank |
| IRA Eligible      | Yes                         | No                         |
| Mint              | U.S. Mint                   | South African Mint         |
| Purity            | 91.67% Au, 3% Ag, 5.33% Cu  | 91.67% Au, 9.33% Cu        |
| Weight            | 33.93 Grams                 | 33.93 Grams                |
| Denomination      | \$50 USD                    | NA                         |
| Thickness         | 2.87 mm                     | 2.84 mm                    |
| Diameter          | 32.7 mm                     | 32.77 mm                   |
| Obverse           | Lady Liberty                | Paul Kruger                |
| Reverse           | Eagle                       | Springbok Antelope         |

A Precious Metals IRA allows you to include physical gold or other approved precious metals in your Individual Retirement Account (IRA). It offers an alternative to the traditional stock, bond, or mutual fund investments usually associated with IRAs. Investing in gold and other precious metals can provide diversification and act as a hedge against economic downturns, inflation, and geopolitical uncertainties.

The Gold American Eagle is an approved IRA eligible gold product. The Internal Revenue Service (IRS) requires all gold to be 99.5% pure to be eligible except for this gold coin. The Gold Kugerrand is not an IRS approved bullion coin.

# The Mints

Both mints play a vital role in their respective countries' economies and have rich histories, but their global impacts differ. The U.S. Mint has a broader range of coinage and facilities, given the size and international role of the U.S. economy. The South African Mint, while smaller in comparison, has made a significant mark on the global stage, particularly with the Krugerrand. Both institutions embody their nations' histories, economies, and cultural values.

The South African Mint is located in Centurion, Gauteng Province, South Africa. Its history can be traced back to the late 1800s. The U.S. Mint is not one mint. It is comprised of mints in Philadelphia, Denver, West Point, and San Francisco.

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## **South African Mint**

The South African Mint is most known for producing the first one troy ounce gold coin, the Krugerrand.

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## **U.S. Mint**

The U.S. Mint is recognized for its exacting standards and protocols that ensure the safety and authenticity of U.S. coinage.

# Liquidity and Market Demand

The Gold American Eagle and the Krugerrand are two of the world's most recognized gold bullion coins. Regarding liquidity, both coins are highly liquid due to their global recognition, established track records, and backing by their respective governments.

The Gold American Eagle and the Krugerrand are highly liquid assets in the realm of gold bullion coins. The choice between them may be personal preference, regional demand, or minor price differences. If liquidity is a primary concern, an investor cannot go wrong with either of these coins or both, given their global recognition and trustworthiness.

While both coins can be sold internationally without much hassle, regional preferences might come into play. For instance, a U.S. dealer might be more inclined towards the Gold American Eagle, while a dealer in another part of the world might prefer the Krugerrand due to greater familiarity or demand.

## **Gold American Eagle**

This coin, backed by the U.S. government, is one of the most popular gold coins in the U.S. and is widely recognized internationally. Its design, showcasing Lady Liberty and the American bald eagle, is iconic and easily identifiable.

## **Krugerrand**

For several decades, the Krugerrand was the primary choice for gold investors worldwide, and millions were sold. This history means they are found globally and can be easily traded in most major markets.

# Total Cost to Own Gold

Owning gold in physical form incurs several costs beyond the primary value of the gold itself. The cost of holding gold extends beyond the spot prices and premiums. Gold spot prices change continually, and so do premiums.

We compared prices for these two coins from three popular online websites. At the time of publishing, on average, the purchase price of a one-ounce Krugerrand was \$22.74 less than the purchase price of a comparable Gold American Eagle. If your goal is to purchase bullion, the lower-priced Krugerrand may appeal to you. While this difference is only 1.12%, it quickly accumulates with large purchases. If you were to buy ten tubes of Krugerrands or 100 coins, you would pay \$2274 less for the same quantity of Gold Eagles.

Both coins also have fractional sizes, which can be an easier entry point for new investors. Gold Eagles come in 1/2 oz, 1/4 oz, and 1/10 oz sizes, as do Krugerrands, allowing for increased flexibility.

In many areas gold coins are not taxed when purchased as they are considered legal tender.

## 1 Shipping

Most larger purchases do not include added shipping fees. However, if you buy large volumes of gold and need to transfer them to a secure storage facility, consider paid, secure transportation costs. There may be additional transfer fees associated with liquidating.

## 2 Storage

If you have a small collection, storing your coins in a fire-proof safe is sufficient. Safety deposit boxes may include a yearly fee. If you do not want to hold your gold physically, you may need to consider the costs associated with a secure storage facility such as IBV.

## 3 Insurance

Whether you are storing gold yourself or in a facility, you may need to insure it against theft, loss, or other perils—the price of this insurance varies. Some storage facilities roll the price of insurance into the yearly cost of storing your gold.

## 4 Liquidation Costs

When you decide to sell your gold, there might be assay fees, testing the gold's purity, or other transaction costs, especially if the buyer has concerns about the gold's authenticity or quality.

When considering associated costs, how long you plan to hold the gold may influence your decisions. In general, the longer you can hold gold the better. If you can hold your gold longer, associated costs may compare more favorably if the gold appreciates.



# Coin Designs and Appearance

Whether the Gold American Eagle or the Krugerrand is more attractive is a matter of personal preference. Both coins are beautifully designed, have rich histories, and are sought after by investors and collectors.



## Krugerrand Design

The Krugerrand has a distinctive reddish tint due to its copper content, which can appeal to those looking for a more unique hue in their gold coins. The obverse features a portrait of Paul Kruger, the former president of the old South African Republic. The reverse displays the springbok, a national symbol of South Africa. The design evokes South African national pride and identity.



## American Eagle Design

The coin has a slightly shiny, mirror-like finish, which appeals to many collectors and investors. The obverse displays a rendition of Augustus Saint-Gaudens' full-length figure of Lady Liberty with flowing hair, holding a torch in her right hand and an olive branch in her left. The reverse, designed by Miley Busiek, depicts a male eagle carrying an olive branch, flying above a nest containing a female eagle and her hatchlings.

# Summary and Conclusion

Both coins are in high demand, but local preferences can sway their favorability. In the U.S., the Gold American Eagle might be slightly more preferred due to its national relevance. However, on a global scale, the Krugerrand might dominate in demand because of its longstanding history and broad acclaim.

| Factors Considered | How They Compare                        |
|--------------------|---|
| Purity             | Similar                                 |
| IRAs               | Gold American Eagle: Yes, Kugerrand: No |
| Mint               | Both produce high quality coins.        |
| Liquidity          | World: Both                             |
| Market Demand      | World: Krugerrand                       |
| Total Cost to Own  | Krugerrand is generally priced lower.   |
| Appearance         | Subjective                              |

The Gold American Eagle and the Krugerrand are in high demand in the global market, regional inclinations may play a role in their popularity. In the U.S., the Gold American Eagle is a preferred choice, while the Krugerrand, due to its longstanding reputation, holds broad international appeal. An investor's decision between the two may be guided by individual objectives and geographic location.

The type of buyer may also influence preferences. Collectors might prefer the intricate designs and symbolism of the Gold American Eagle, while others might favor the simplicity and distinct hue of the Krugerrand. Investors focused primarily on investment may prioritize factors like liquidity, premiums, and market recognition over attractiveness. Both coins are universally recognized, but regional preferences might sway you one way or the other. Individuals aiming to diversify their gold assets might consider including both in their portfolio.

The Gold American Eagle and the Krugerrand boast exquisite designs and storied pasts, making them favorites among both investors and collectors. You should examine each coin up close or study high-quality images to see which aligns best with their aesthetic tastes and investment goals.

One should base investment choices on personal financial goals, risk appetite, and prevailing market situations. Historical returns do not guarantee future outcomes. It is essential to seek guidance from a financial expert before making any investment decisions.