

Financial side of collecting

(Requirements 4.a, 4.b. 4.c and 5.c)

- What determines the value of a collectible?
 - For most collectibles it is what someone else is willing to pay for it
 - Some items, like coins, may have an intrinsic value due to precious metal content
 - For most collectibles it is simply how much someone is willing to pay

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- What factors influence a collectibles value?
 - Popularity of the item
 - How many collectors are interested in collecting this item
 - Scarcity of the item
 - The fewer there are the greater the value
 - Older items are usually scarcer
 - Quality or grade of the collectible
 - Items in better condition have higher value

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- What factors influence a collectibles value?
 - Completeness of a collection
 - A collection with all items in a defined set will usually be more valuable than the sum of individual items
 - Example: A collection of all of the Merit Badge Challenge patches

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- Investing and speculating in collectibles
 - Some people collect in hopes of making money as prices of the collectible increase
 - Collecting in the hope of making a profit may be termed Investing or Speculating
 - Investing implies a comparatively low risk of the collectible not increasing in value
 - Collecting items with a long time, stable collector base
 - Items with good expectation that interest in collecting them will continue

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- Speculating implies a comparatively high risk of the collectible not increasing in value
 - Collecting items with little or no history of being collected
 - Collecting items with few collectors
 - Items with uncertain expectation that interest in collecting them will continue
 - Collecting items made in large numbers

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- Setting the value of your collection
 - Original purchase price
 - Replacement price for items lost or destroyed
 - Be sure to consider price increases (inflation) over time
 - Needed if you wish to insure your collection
 - Methods of estimating current collectible pricing
 - Prices at collectibles stores, shows and swap meets
 - Price guides published for some collectible items
 - Prices given in magazines for collectible items
 - Prices asked on on-line stores and auction sites such as Amazon and e-Bay.