

I inherited some stamps, now what?

To a stamp collector, inheriting a relative's stamp collection is almost like winning the lottery. But a non-collector who inherits a stamp collection has a dilemma: he or she has heard that stamps may be valuable, but hasn't a clue how to find out the value of their new collection, much less how to turn it into cash. This article is intended to help sort out the confusion.

Three choices

The inheritor of a stamp collection has three choices, as long as we ignore the fourth one, which is to put the collection in storage and forget about it, and that is not a good solution.

The three choices are these:

1. Become a collector
2. Donate your collection
3. Sell your collection

Please bear in mind that these choices are by no means equal, or necessarily advisable. As you continue reading, you will learn some of the intricacies and pitfalls of the hobby, and the business, of stamp collecting. Along the way, there may be the sound of popping as optimistic bubbles burst: Stamp collections can only occasionally be converted into world cruises.

What to do when you inherit stamps

Choice #1 — Become a collector!

My first suggestion, always, is to become a collector yourself. If the hobby was good enough for your relative for such a long time, it might also serve you well. For anyone who is curious about the world, who enjoys reading and research, and who understands that stamps and covers are historical artifacts, stamp collecting can open up a whole new and engaging world.

In 35 years of stamp collecting, I have learned that it's an excellent hobby with which to escape the cares of the world. It requires a level of concentration that allows almost no intrusion from the outside world, yet is virtually unparalleled in its ability to teach the collector about that world. Novelist Ayn Rand, herself a stamp collector, says it far better than me in an essay about stamp collecting.

The following quotations are excerpted from her essay, "Why I Like Stamp Collecting," published in the *Minkus Stamp Journal* in 1971:

The pleasure [of stamp collecting] lies in a certain special way of using one's mind. Stamp collecting is a hobby for busy, purposeful, ambitious people...because, in pattern, it has the essential elements of a career, but transposed to a clearly delimited, intensely private world...

In collecting, there is no such thing as too many stamps: the more one gets, the more one wants. The sense of action, of movement, of progression is wonderful...and habit-forming....

When one turns to stamps, one enters a special world by a process resembling a response to art: one deals with an isolated and stressed aspect of existence...and one experiences the sense of a clean, orderly, peaceful, sunlit world...

If you spend several hours looking through your new collection, and take the time to learn a bit about basic stamp collecting, you may well find that you are not at all interested in selling your stamps to strangers. If that happens, welcome to our wonderful hobby! But if you decide not to

become a collector, you may think about donating them to a museum or a stamp club. If that idea appeals you, please read the next section. Please read it even if you *don't* intend to donate your collection!

Choice # 2 — Donate your collection

In most cases, it is *NOT advisable* to donate your stamps to a museum:

- Museums are not adequately staffed to handle donated stamp collections, nor do they often have the space to store them safely or the facilities to make them available to interested members of the public. Stamp collecting has long since passed beyond the stage of simply filling stamp albums with pretty stamps. Think of stamp collectors as archaeologists whose chosen artifacts are stamps and covers. Many of these men and women have become world-class experts in their chosen fields of study, but their success has depended on the availability of material to work with selected stamps and covers, often over a lifetime. Once a stamp collection or even a single stamp or cover is “incarcerated” in a museum, so to speak, it is no longer available to philatelic researchers and is serving no useful purpose.

- Philatelic museums, of which there are only a handful in the entire world, are interested primarily in the rarest of rare items. Some of them *might* be interested in a very specialized collection of rare material, but unless a particular museum is able to ensure public access to the collection for purposes of study, it would be a disservice to collectors everywhere to take it out of the philatelic marketplace. If you still wish to pursue this avenue, contact the museum first to determine both its needs and its ability to make the collection accessible to collectors.

- People will argue that museums will issue tax receipts, and while that's true, there are philatelic societies and organizations that will also issue tax receipts, and they are in the position to ensure that donated collections remain in the hands of the people best qualified to appreciate their philatelic and historic significance.

Don't forget stamp clubs such as the Oxford Philatelic Society. Such community-based organizations are almost always in need of financial support, and will use donated collections to support their own philatelic activities and will also ensure that the collections remain in the hands of the collectors who will most appreciate them.

Choice # 3 — Sell your collection

If you have decided to sell your stamps, you need to understand some basics of the philatelic marketplace before entering it.

What are stamps worth?

Most stamps have little cash value. The values that are assigned to stamps by catalogues such as the *Scott Standard Postage Stamp Catalogue* are wildly optimistic.

In the real world, most stamp dealers discount their prices heavily from *Scott* values. Modern mint stamps are not even worth face value in the marketplace when sold at wholesale prices. The same is true of most used stamps, although attractively cancelled modern stamps are showing signs of having greater value than mint copies of the same stamps. That is because the automated cancellation machines in use by many countries produce really ugly used stamps.

Stamp condition

The value of stamps depends in large part on condition. *Any* damage lowers the value of *any* stamp. Mint stamps that have been mounted in albums with hinges automatically lose as much as 50% of their value or even more. If the gum has been soaked off or is badly damaged, the value falls almost to nothing except for older, classic issues. For all stamps, short or damaged perforation teeth, thins, bad centering of images, creases, smudges of dirt, surface scuffs, or generally worn, ratty appearance will seriously compromise value. If a used stamp has an ugly, messy cancellation, its value approaches zero, although its catalogue value may be high. Some inexperienced collectors have been known to stick stamps into stamp albums simply by licking the gum, just like sticking the stamp on a letter. Such a collection is virtually worthless except perhaps as a family heirloom.

At the other end of the scale, “perfect” stamps may demand premium prices, and may in fact sell at auction for more than catalogue value. What is a perfect stamp? The design will be centered with nearly mathematical precision. The borders may be broad, depending on the particular issue. The perforation teeth will be crisp. The colors will look as fresh as the moment the stamps were printed. The gum, on mint stamps, will be flawless and unhinged. If the “perfect” stamp is used, the cancellation will not seriously deface the design of the stamp. Circular Date Stamp (CDS) cancellations are prized on stamps; such cancellations struck in the centre of the stamp are known as Sock On the Nose (SON), and can command premium prices, especially if the cancellation itself is scarce.

Speaking generally, if a collector sought attractive, undamaged stamps and took good care of them, the collection will be worth much more than one built by a collector whose standards were low and who handled and stored his collection carelessly. One reason for this is that the meticulous collector with high standards is apt to have been a knowledgeable collector who made good investments. Which reminds me of...

Bags and bags of stamps

If your inherited collection consists of bags, boxes, and envelopes stuffed with miscellaneous stamps, it is not likely to have any great commercial value. In fact, it is not even a collection, but an *accumulation*. A *collection* of stamps is one that has been sorted, identified, catalogued, organized, and studied, and usually mounted in albums or carefully inserted into stock pages or stock books. When a dealer sells a *collection* as opposed to an *accumulation*, it’s going to be easier to get a good price for it because little effort will be required to incorporate it into the buyer’s own collection.

Many collectors do enjoy buying accumulations, because of their recreational potential and the possibility of finding a treasure. But they aren’t going to spend a lot of money on any given accumulation because they know that the great bulk of the material is going to be common, and any valuable stamps are going to come to light only as a result of a lot of effort.

A note about covers

Covers, which non-collectors know as used envelopes, or collectively as “postal history,” are often included in stamp collections, and may form the larger portion of the collection.

Unless you happen to be very knowledgeable about cover collecting, do *NOT*, under *ANY* circumstances, cut or soak the stamps off covers. Complete covers can sometimes be worth hundreds or even thousands of times the value of the stamps alone. There is an apocryphal story about a widow who called a dealer to tell him about her husband’s collection of old envelopes with black stamps on them. In questioning her, he realized that the stamps were the Penny Black, the first stamp ever issued. The collection was potentially worth a fortune; he told her he would be right over. She greeted him with a smile, and proudly showed him her stamps — all of which she had clipped from the

envelopes! Penny Blacks aren't worthless by any means; used copies regularly sell for a hundred dollars and more. But a Penny Black on its original envelope — “on cover” as collectors say — may be worth several hundreds or even thousands of dollars.

About the condition of covers

While condition has a bearing on the value of a cover, as with stamps, a “dirty old cover” that looks like it's been run over by a truck may actually have more value than it would if it were neat and tidy. That's because its poor condition is evidence of its history.

Examples are found in the category of “crash mail,” sometimes known as “interrupted” or “adversity” mail; crash covers often show signs of water and fire damage, and the more badly damaged the cover is the more it is worth. Covers often have additional postmarks and hand-written notations that provide a great deal of information about their history. Think of covers as postal artifacts. Covers that have carried personal or business communications through the mails are for the most part unique; catalogues do not provide meaningful evaluations of them, and even experienced dealers may be only to give a rough estimate of what a given cover might bring at auction.

Philatelic covers

Philatelic covers, created only as collectibles by individual collectors, stamp clubs, organizations, entrepreneurs, and postal administrations, rarely have notable value.

There are several types of philatelic covers:

- First-day covers, issued by post offices around the world on the day that new stamps become available, are created by the hundreds of thousands.
- First-flight covers, celebrating the first airmail flight from one community to another.
- Commemorative covers and event covers, created to celebrate some past or current event, such as the centennial of statehood or a stamp exhibition, or simply the existence of a famous person or group of persons. Such covers are often sold by such companies as the Franklin Mint. Few collectors have any interest in such material, which therefore has little to no commercial value.

On a step up the ladder of desirability and value are first-day covers created by collectors for personal use or perhaps to send to a relative; these may look like ordinary mail, and only the postmark proves their provenance. Such covers can sometimes command premium prices. As well, some first-day, first-flight and event covers can be quite valuable because of their rarity. Some first-day covers, for example, provide the only known, authorized use of certain stamps and thus take their place in postal histories.

What to expect when you sell

Only rarely do stamps prove to be a good investment, and few collectors engage in their hobby in hopes of making a profit. However, one of the beauties of collecting, unlike many other hobbies, is that stamp collections can return some money to the collector or to his or her heirs. A collection built with care over the years can return a surprising amount of money.

In selling to, or through, a dealer, you should expect to receive approximately 20% to 30% of the collection's catalogue value. Dealers almost always discount considerably from catalogue values when they sell stamps by retail, and prices realized at auction only rarely reach catalogue value. It is not unusual to see scarce or even rare stamps sell for as little as 10% to 20% of retail value in

auctions. And stamps, like any other commodity, are subject to the laws of supply and demand: very rare stamps can be almost worthless if no one collects them. (At the same time, very common stamps will probably never be worth anything because they are so...common!)

You can trust professional stamp dealers

Many people are loathe to turn their stamps over to dealers, assuming, without a shred of evidence, that most dealers are dishonest. In fact, dishonest dealers are rare. The vast majority are ethical men and women who started as collectors, who understand that stamps have both cash and intrinsic value, and who work very hard to keep their businesses afloat. Most of them are supportive of the hobby of stamp collecting; many belong to stamp clubs themselves, and most of those who have full-time businesses are members of the various philatelic organizations, including the American Philatelic Society (APS), the Royal Philatelic Society of Canada (RPSC), the Canadian Stamp Dealers Association (CSDA), and the American Stamp Dealers Association (ASDA).

These societies and associations demand that their members meet high standards of ethical behaviour. In addition, any professional stamp dealer should be more than willing to provide you with references, and almost any experienced stamp collector can suggest the names of reputable dealers.

A caveat: The fact that stamps and covers can be very valuable is both the strength and weakness of stamp collecting, marketing, and selling. Whenever any commodity has significant value, it will inevitably attract less-than-reputable sellers and dealers. Avoid business relationships with any dealers who cannot provide solid references and who show no evidence of a decent track record. It is also a good idea, if possible, to approach two or three dealers before selling.

Sell direct to a stamp dealer

The simplest and quickest way for you to turn your collection into cash is to sell it directly to a stamp dealer, ideally after getting offers from two or three dealers, whom you can probably find listed on the web sites of the ASDA and the CSDA.

Stamp dealers often buy stamp collections from collectors or from people like yourself who have inherited stamp collections. Their business depends on having new stock available for their regular customers, and stamps are not generally something that can be ordered from a wholesale dealer. It can take months or even years to find some stamps, even if they aren't particularly scarce. Collectors searching for particular varieties of stamps or scarce stamps may search for years, and their dealers often help in that search, knowing that the next collection they examine may contain just what they have been looking for their customers. It's a rare dealer who will turn down the opportunity to look over a collection that he has not seen before.

It is not too hard to know if a dealer's offer is reasonable. If he or she takes time to look at the collection, offers comments about what the collection contains, and seems genuinely interested at a personal level in what you are offering, and why, chances are that you will not be cheated. A professional dealer will also tell you if he doesn't believe your collection has any value, and he won't offer to buy it. However, if a dealer tells you that your collection isn't worth a thing, and complains that he'll have trouble selling it, and then offers to buy it for a small amount of money, it would probably be best to thank him and leave — with your stamps!

Sell through a philatelic auction house

If you are willing to wait for a few weeks or months to realize the cash value of your collection, you could sell it through a philatelic auction house. Again, the ASDA and CSDA will provide contact information for several companies that host regular auctions, perhaps in your area. In most cases, these dealers will take your stamps on consignment.

If the collection is small, and housed perhaps in one album, they will probably sell it as a single auction lot, which will be described and perhaps illustrated in a catalogue or on-line listing and made available for viewing in their place of business.

In the case of large, multi-album collections, which typically include boxes of loose stamps as well as philatelic literature and collecting supplies, a professional dealer will divide the material into several lots. Beware the dealer who says he'll sell a large collection intact, as one lot: a collection sold in that manner probably will not realize its true market value.

In their auction listings, dealers normally publish the estimated sale price of each lot.

Some auction houses set different opening bids for each lot, so that some lots might start with low bids and some with higher bids. (That's the way eBay works).

Other auction houses start the bidding on all lots at the same price; one company I deal with starts all lots at \$10, regardless of the estimated value.

There is an obvious downside to selling by auction: you might not get receive what hoped for. All it takes to push auction bids to a high level is two bidders who want the material. If only one bid is made, then the lot will sell at the opening bid price. That rarely happens with good material, but it is possible.

Depending on the auction house and the type of auction, a collection might be sold in entirety on one or two days, soon after you turn your stamps over to them, or the lots might be sold over a period of several weeks or even months. If you want your money quickly, ask the dealer how long it will be before your stamps are sold.

There are great advantages to selling through a professional stamp dealer. They have years of experience, and while they might not be able to spot every rare or valuable stamp (no collector or dealer in the world could do that!), they will come close in their evaluations. You will, of course, pay for their service; dealers typically charge a sales fee of 10% to 30% of the sale price for handling your stamps. But they do all the work. You just collect your share and go on with life.

(A note about sales fees: A sales fee of only 10% of the sale price may seem better than 30%, but it is not necessarily a measure of your potential profit. The dealer offering a 10% fee may not spend a lot of time evaluating your collection. If he sells it for \$1,000, you would get \$900. Another dealer, however, might spend a great deal more time on your collection, do a better job of identifying its strengths, and sell it for \$5000. Even if the latter dealer charges a 30% commission, you would still receive \$3500. The best way to ensure that you get the best deal is to approach two or three dealers, and go with the one that you have the best feeling about.)

Do not sell on-line

If you are not knowledgeable about philately and do not have a lot of spare time, do not even consider becoming a seller on eBay or other, similar on-line auctions.

To be a successful eBay-type stamp seller requires intimate knowledge of what you are selling, gained only from years of collecting experience. You also would have to dedicate yourself to a long period filled with the inevitable irritations and frustrations that result from buying and selling on-line. To sell a large collection in small lots on eBay or Yahoo would not take forever, it would just seem like forever! And I would absolutely not suggest going on-line to sell a large collection in large chunks, such as entire albums at one go. Buyers might be happy with their purchases, and you might get the whole thing over with quickly, but you might never know what you gave away at bargain basement prices.

(Another caveat: Another "on-line" segment of the philatelic marketplace consists of dealer web sites. There are many stamp dealers today who do much or even all of their business on-line, through eBay and/or their own web sites. On-line, direct sales of stamps and covers are rapidly overtaking storefront operations. On-line dealers are active buyers of collections, and should be considered when you decide to sell your collection.

Where should you sell?

People ask whether it is better to sell a collection in Canada or in the United States, or in other countries. A general answer: Country collections sell best in their countries of origin. It makes sense to sell Canadian stamps in Canada, American stamps in the U.S., British Commonwealth stamps in the British Commonwealth, etc. I know of one specialist collector who flies back and forth from Canada to Greece to sell portions of his Greek collection. But that is not always practical, especially in the case of large worldwide collections. Personally, I have never been disappointed with anything I have sold in Canada, regardless of whether I am selling Canadian or worldwide stamps and covers.

While it is convenient to sell stamps through a nearby dealer, and nice to deal with them face-to-face, it is not necessary. The stamp trade is international, and dealers often handle consignments from great distances and across international borders. You can tell a great deal about a person through their style of communication in letters, e-mails, and telephone calls.

Final thoughts

Most non-collectors believe that stamp collections are very valuable, and are the ticket to that round-the-world cruise. Unfortunately, we live in the real world, where many collections are worth no more than a few hundred dollars. Some are worth several hundred dollars, or perhaps a few thousand. A few unusual ones sell for several thousands of dollars. The rarest of all may sell, usually at auction, at hammer prices ranging from hundreds of thousands to a few million dollars and *may* make the evening news if an extremely rare stamp is sold or a record price is realized.

A few unfortunate collectors, often beginners, buy stamps in the belief that they are investing their money wisely. They “know” that stamps are valuable. If they have never seen a particular stamp before, they assume that it is rare and perhaps priceless. Such collectors nearly always lose their shirt in monetary sense; I think that they miss the point of collecting, which is the opportunity to learn about the history, culture, science, and technology that is illustrated by stamps. While stamp collecting is a solitary pursuit, sharing the hobby with other collectors, and dealers, can lead to lifelong friendships. I hope that you will seriously consider joining the collecting community. If you do not, I wish you the best in selling your collection.