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10 Things Your Jeweler Won't Tell You

Updated and adapted from the book "1,001 Things They Won't Tell You: An Insider's Guide to Spending, Saving, and Living Wisely," by Jonathan Dahl and the editors of SmartMoney.

1. "Our prices are on the rise."

After increasing 23% in 2009, the price per ounce of gold this year has dipped slightly and is hovering around $1,100. With investors continuing to seek safety in this precious metal, it's a bad time for consumers to buy gold, says Joyce Jonas, president emeritus of the American Society of Jewelry Historians.

It takes roughly six to eight months for the price of gold to impact the price at which gold jewelry is sold to consumers, says Jeff Green, the president of Mill Valley, Calif.-based Jeff Green Partners, a retail consulting firm. That means that around now the higher prices of gold are being reflected in retail jewelry prices. Consumers who don't need to buy gold jewelry should refrain from doing so in the hopes that prices will dip in the near future, although it's extremely unlikely that they'll return to pre-recession prices, says Jonas.

In addition, the price of platinum—a precious metal commonly used for higher-end engagement rings—is also on the rise. In February 2009, it was just below $1,120 an ounce and by January it was above $1,610; it recently retreated to around $1,500. Because of market prices, Jonas says it's very likely that retailers will increasingly turn to white gold—a cheaper, comparatively lower-quality alternative—unless the customer (who's willing to pay the higher price) requests otherwise.

2. "Your 'perfect' diamond has had a face-lift . . ."

Thanks to science and technology, the brilliant-looking diamonds in your jeweler's case aren't all necessarily what they appear to be. In some cases, they could be "fracture-filled," for instance, referring to a treatment in which visible cracks are filled with a glasslike substance, making a stone appear more expensive than it is. The treatment usually isn't guaranteed to last because if the stone ever gets repaired using heat, the filler can come out, says Harry Glinberg, owner of Harry Glinberg Jewelers in Milwaukee. Instead of fracture-filled stones, he says, consider a diamond that has been treated with pressure and heat to whiten the color and increase their appearance dramatically.

Either way, it is fine to go with an engineered stone—as long as you know what you're getting. They should cost less than the all-natural goods and marked accurately. Consumers' best bet is to stick with jewelers who are certified gemologists from the Gemological Institute of America, says Glinberg; "You don't need a license or title to open a jewelry store," and that places GIA-certified jewelers in higher regard. (You can also call the GIA to confirm their certification.) To establish that your diamond is legit, make sure there's a return policy before you buy, and then take the piece to an independent certified appraiser; you can find one in your area through the American Society of Appraisers, at www.appraisers.org.

3. ". . . and these emeralds, sapphires and rubies have all gotten dye jobs."

By the seeming bounty of them available at any jewelry store, you wouldn't guess that natural-colored stones are an increasingly rare commodity. But the truth is that few truly stunning ones are found these days; deposits are either depleted or are producing inferior rocks. The result: The gems at your jeweler likely consist of rubies, emeralds and sapphires that have been treated with techniques, such as heating or oiling, to make them look more vibrant.

One new product is sometimes marketed as genuine "treated" ruby. In actuality, it's a fragile ruby-and-glass mixture that should cost $10 to $20 (or less) per carat. Instead, there are jewelers who might sell it for hundreds per carat, says Antoinette Matlins, a gem expert and author of Jewelry & Gems: The Buying Guide. Since it is unlikely a consumer will be able to spot the difference, the best protection is to ask explicitly whether the ruby is a composite, and to get the answer in writing on the sales receipt, she says. Then, quickly head to your trusted appraiser to confirm what you've bought.

Another route is to ask your jeweler to order one of the excellent alternatives to expensive natural-colored stones—tsavorite garnets instead of emeralds, for example, or red or blue spinels in lieu of rubies or sapphires. Their sparkling colors are beautiful without any treatment and usually much cheaper. "In fact," Matlins says, "a red spinel is the centerpiece of the Imperial State Crown in London, which for centuries was believed to be a ruby."

4. "There's blood on this stone."

The diamond industry has worked to clean up its act in recent years, after human-rights advocates publicized the growth of "conflict" stones in the diamond jewelry business. Conflict stones come from a country where the diamond trade used slave labor or funded warlords who routinely killed innocent civilians.

In 2003, the Kimberley Process Certification Scheme went into effect (primarily created by the United Nations, international governments and the diamond industry) to set up requirements for controlling rough diamond production and trade. As of November 2008—the most recent data available—the Kimberley Process members included 75 countries, or 99.8% of the global production of rough diamonds. Under this process, rough diamonds are supposed to be sealed in tamper-resistant containers and accompanied by certificates that are designed to be forgery resistant. Unique seal numbers are assigned for each border the containers cross.

But the system is not legally binding. According to the Kimberley Process and the United Nations, rebel forces control diamond-producing areas in the Ivory Coast. And in January, Human Rights Watch launched a campaign urging consumers and jewelers to boycott diamonds from Zimbabwe citing alleged abuses in the Marange field (in the eastern part of the country), including killings and forced labor.

5. “Those pretty jewels displayed on my web site? They’re not for sale.”

You buy your books on Amazon and your airline tickets on Orbitz, so why not purchase a diamond on the web? Because it’s often tough to be certain that what you see on the screen is what you’re actually buying. Cecilia Gardner, executive director and general counsel of the Jewelers Vigilance Committee in New York City, routinely comes across sites that use standard photos to represent their goods. “Very often it’s a generic picture of a diamond ring, and then you wind up with something very different,” she says. To make matters worse, some sites’ return policies are problematic, while other sites “sort of disappear” after the sale, says Gardner.

Is there any way to buy a diamond online without getting duped? Look for a return policy that allows you a full refund within a reasonable time frame, Gardner says, and for lab reports that include full disclosure of a piece’s characteristics—such as clarity, size, and color for gems—as well as any treatments that have been done. “If you see no information about treatment,” says Gardner, “I wouldn’t buy at that site.”

6. “Your Aunt Hilda’s pearls make a lousy inheritance.”

The key to any pearl is the nacre, or lustrous coating that covers the nucleus. Unlike natural pearls—which make up a very small percentage of the market and are virtually all nacre—a cultured pearl is a bead surrounded by nacre. But the majority of cultured pearls sold today “have such a thin nacre coating that in a small period of time, the nacre will peel, then chip, and be worthless shell beads,” says Matlins.

“They’re tantamount to flushing your money down the toilet,” she says. Even in a fine-jewelry store, Matlins estimates that 30% to 40% of the pearls won’t hold up from generation to generation. One exception: a single-pearl pendant at around $150 or less (or studs, bracelets, necklaces) made with Chinese freshwater pearl jewelry. They tend to have thicker nacre (some are all nacre) and they’re easier to produce in large numbers. That results in a cheaper price and the ability to stand the test of time, she says.

How can you tell the good from the bad and the potentially ugly? “The luster of the nacre is something the eye can detect,” says Matlins. If a pearl has an intense luster, it’s likely the nacre is thick, she says. “I don’t mean a surface shine; I mean a glow that seems to emanate from the core.” Avoid pearls with a coating that seems transparent or chalky, and stay away from those that seem to blink at you when you roll a string of them across a counter or table, Matlins says. “That’s your nucleus showing through.” Also rub a pearl gently against your tooth—a pearl’s nacre will feel slightly gritty while an imitation will have a slippery smooth feeling as it moves across the tooth.

7. “I replaced your diamond with a nifty new cubic zirconia.”

Stone switching doesn’t happen every day, but some experts say you’re not paranoid to wonder what goes on in the jeweler’s back room.

Jonas says that antique pieces featuring stones in high demand—such as late-18th-century Old Mine or 19th-century European cuts—have been particularly targeted. “People often didn’t know what they had, and they brought it in to be fixed,” Jonas says. “The fakes were so good, you didn’t know the difference.”

Though stone switching still occurs, consumers today are much savvier about potential scams, and it’s easier to take protective measures. Jonas advises getting an ID number lasered onto your best pieces by a jeweler you trust or the GIA.

8. “If it looks old, I’ll call it an ‘estate piece.’”

Unlike most jewelry, “estate pieces”—the designation currently given to those crafted between 1890 and 1980—often prove to be good investments, since they’re increasingly hard to find and can come back into vogue. But not everything advertised as such is the real deal. Take the platinum “Edwardian” engagement rings that are all the rage these days, admired for their intricate engravings and highly detailed mountings. All too often, Jonas says, jewelers might pawn off a slightly newer ring—crafted of white gold because platinum was needed for the World War I effort—as Edwardian, whose dates span from 1890 to about 1914.

Even true oldies aren’t necessarily goodies. Many antique pieces have been revamped, which diminishes their value. For instance, “You don’t want to buy a gold piece that has been repaired using lead solder,” Jonas says; it cuts the piece’s value in half and eventually eats through the gold. That’s why, along with the requisite outside appraisal, it’s important to get things in writing: in this case, when and where the piece was made; its condition; the type of metal or stones, and whether they’ve been treated; and whether the stones are the original gems.

9. “Your warranty is pretty wobbly.”

Many jewelry stores sell extended warranties for their merchandise—typically, from a few dollars to a few hundred—to cover defects and damages for a year or two. But, consumers often leave the store thinking they have full coverage and are protected if anything happens to their jewelry, says Mike Maley, a vice president at Neenah, Wis.-based Jewelers Mutual Insurance Company. In reality these warranties usually cover only a “partial loss”—like when a stone gets wobbly in its setting—but not a total loss.

What people also don’t realize is that for not much more than the price of a warranty, you can often buy a separate insurance policy or add coverage to your homeowner’s or renter’s policy that will cover the piece much better. You’ll be protected against all kinds of loss, from theft to death by garbage disposal. To get full coverage through your homeowner’s or renter’s policy, you’ll have to ask for it (and consider how much you’ll have to pay out of pocket in deductibles should something occur to your jewelry). Also, it’s likely that you’ll pay more in premium should a theft occur or if you keep damaging your jewelry. Another tip: For family heirlooms or pieces you almost never wear, make their primary home a safe-deposit box and they can be cheaper to insure.

10. “I’m more than happy to haggle with you.”

Bum-diamond sales aside, you can find deals in a jewelry store—just don’t expect merchants to advertise. Jewelry stores play “pricing roulette,” says Ken Gassman, a Richmond, Va., jewelry industry analyst. “The only place where you’ll see more negotiating is a used car lot.”

In today’s market, Gassman says, it’s common to be rewarded with a 10% to 20% discount or an extra piece of merchandise if you ask. It’s also a good time to “buy up,” or put the cost of an older piece toward a bigger item. Colored gemstones such as opals and topazes tend to carry the greatest margins, Gassman says, while you’re less likely to get a discount on wristwatches, which carry the smallest markup in the store.

But timing is everything. The deals dry up a month before Valentine’s Day and Mother’s Day, respectively, and you’ll need to do your Christmas shopping by Oct. 31. Another option: “You can wait until two weeks before Christmas, when retailers panic,” says Gassman, “but you don’t know what you’ll find on the shelves by then.” ■