



DANGER: MAIL STRANGER

Christmas is the time when our financial sensibilities go into a tinsel-induced spin. We may be frugal for 11 months of the year, but the pressure of Christmas can cause us to resort to all kinds of binge spending.

So with our money radars set on dim, let me highlight one danger that's been doing the rounds. His name is David Rhodes.

To be precise, the danger is not David himself (he's gone straight after serving time in a correctional facility), but a chain letter beginning: "My name is David Rhodes and in September 1997 I lost my job..."

The letter outlines David's guaranteed wealth-building method with detailed instructions on how to

send \$10 to a name listed on the back page. And, it promises, if you add your name to the bottom of the list and send copies of the letter to 200 others, you too are guaranteed to earn more than \$70,000.

The letter is illegal and should be thrown in the bin. If you know who sent it to you, warn them that the Commerce Commission can fine people up to \$200,000 for being involved in pyramid schemes.

The letter's history goes back to 1988 when the original David Rhodes, an American student, authored what's now known as the big daddy of chain mail scams. Variations have appeared all over the world, and the one we're seeing is from David Rhodes of Perth.

In Australia, the postal service has intercepted many thousands of these chain letters. Their senders – everyday Australians – have been warned of their illegal activity.

I hope you get spoiled rotten at Christmas, but if something arrives from David, don't send money now.



MONEY TALKS

At Christmas it's tempting to try a get-rich-quick scheme. Don't be fooled, warns Susanna Stuart

MAKING CENTS

Send your questions to next@acpmagazines.co.nz



Q My teenage daughter is looking for a summer job. I'm worried this is due to peer pressure and she'll squander the money on fashion labels.

Sharon, Whakatane

A You've got a great opportunity to teach your daughter some smart earning, saving and shopping habits. My advice is to lay down two rules. Rule one: save at least half of what you earn (no ifs or buts). Rule two: shop smart. Your daughter is earning the right to make spending choices, but encourage the 'three-day rule'. Think about that must-have item for three days – do you still need it? Really? And look out for specials.

a savings scheme that works

Who needs chain letters anyway? Here's a perfectly legal money-making scheme that really does produce amazing rewards. How does it work? By making regular deposits in a savings account over a long period of time. If you have a child – or a nephew or niece – and you open a savings account for them that pays five per cent per annum net, and you (and later that child) put in \$50 each month, the table below shows the returns you can expect.

The benefits of regular saving kick in if you stick with it over the long term and make it a habit. If you deposit \$6000 in the first 10 years, you will earn \$1795. Now that's not bad. But check out the chart below and see how the interest escalates over a longer time frame.

So why not open up a special account for a young loved one? If you set up a regular automatic payment, you'll hardly notice it. Just forget all about it and let the compounding interest begin to work its magic.

\$50 per month at 5% p.a.	10 yrs	15 yrs	20 yrs	30 yrs	40 yrs
Amount deposited	\$6000	\$9000	\$12,000	\$18,000	\$24,000
Interest earned	\$1795	\$4418	\$8634	\$23,782	\$52,611
Total amount	\$7795	\$13,418	\$20,634	\$41,782	\$76,611