

*Can you really become wealthy from a get-rich-quick scheme? This article addresses the many "investment opportunities", both legal and illegal, that promise big returns over a short period of time, explaining the risks associated with each, and the importance of professional advice.*

**Title:           How to go broke trying to get rich quick**

According to the Collins English Online Dictionary, a get-rich-quick scheme can be defined as, *a promise to make a person extremely wealthy over a short period of time, often with little effort and no risk.*

If you think that sounds a bit dodgy, you could be right. Yet ordinarily sensible and cautious people sign up to such schemes every day. If it seems too good to be true...well, you know the rest.

Remember those pyramid-style investments we saw back in the 1980s? Fraudulent arrangements where investors' money was used to pay earlier investors. The plan worked well for those in at inception, but later investors lost out. The most well-known pyramid scheme was created by Charles Ponzi in the 1920s, which is where the phrase 'Ponzi scheme' originated

These days, pyramid schemes are illegal, but there are plenty of *legal* investment strategies out there that appeal to our desire to earn big returns over a short period of time, like gearing, crypto-currencies, and even gambling. However, being legal doesn't mean you should throw caution to the wind. All investments come with risk – it's about how much risk you can afford or are willing to accept.

We understand the risks associated with gambling – after all, casinos and other gambling outlets are not in the business of *losing* money! But what about the risks associated with other investment opportunities?

**Gearing** can potentially yield strong returns but can just as easily generate great losses. Let's say you borrow at low interest rates to purchase an investment property. All this scenario needs is a period where you lose your job, the property is untenanted, or, interest rates increase rapidly, and suddenly you're unable to service the loan.

You may be forced to sell the property at a loss. Conversely, if selling for a gain, you're most likely up for capital gains tax (CGT), reducing your anticipated profit.

**Cryptocurrencies** are quick and easy to transact, but they're also anonymous, a feature attracting all kinds of investors – including crooks!

The crypto world has been used for nefarious activities like money laundering and illegal dark-web purchases, (think firearms). As online ne'er-do-wells have access to the latest technology, just like the rest of us, it can be difficult to spot an illegitimate scheme, and since there's no regulator, there's no claims process if you believe you've been swindled.

Additionally, cryptocurrency investments are volatile; their value can sky-rocket overnight, but just as quickly plummet. Of course, such volatility can work to your benefit, but if your investment keeps you awake at night, it's probably not right for you.

### **So, is it *really* possible to get rich quick?**

That depends on your definition of *quick* which is why you should always seek professional advice before making any financial decisions.

Keen to invest capital in a business? Your accountant and financial planner will be able to help.

Fancy borrowing to invest in property or shares? Perhaps you've had your eye on a commodity you think is about to take off.

Your financial adviser can help create a strategy that meets your specific needs and attitude to risk.

And as for gambling, well you can ask your financial adviser about that too, just don't bet on the response!

[www.collinsdictionary.com](http://www.collinsdictionary.com) Definition of 'get-rich-quick scheme'

[www.techbullion.com](http://www.techbullion.com) Pros and cons of investing in cryptocurrency (21 April 2022)

<https://www.heraldsun.com.au/> 'Victorians 'bamboozled' out of \$22m in cryptocurrency scams'