

Rich Dad Poor Dad

by Robert Kiyosaki (1997)

At age nine he & his friend, Mike, were told they were poor & wanted to change that. His dad said get good grades, go to college & get a secure job. Mike's dad began to mentor them. Most people learn about finances from our parents, but most parents are not well educated about it & neither is the government [or they don't care].

Change the way we think, and then act on it. "How can I afford it?" [not "I can't afford it"]. Work for money or have money work for me. Money comes & goes, but a determined mind can rebuild it. Life pushes people around. Some quit; some fight, but few learn from it & move on. Few people take responsibility for situations & fewer are willing to change. Opportunities come with change. Fear of not having & desire to have control most people.

Great civilizations collapsed when the gap between the rich & poor was too great. 1923 a group of rich men met, & years later most died broke or broken [money on amplifies problems]. Most lottery winners are worse off a few years later [lack of control or knowledge]. It's not how much you make, but how much you keep that counts. Manage risk, not avoid it.

A financial statement shows income & expenses; while a balance sheet shows assets & liabilities. Assets put money in your pocket & liabilities take it out. Increase income & assets and reduce expenses & liabilities. **Get assets producing cash flow & reinvest.** Smart men surround themselves with smarter men. Most miss opportunities because they don't see them or are not prepared for them or are afraid.

Own your own corporation. Ray Kroc knows the location is everything & owns the land under every McDonalds [he is the largest single owner of real estate in the world]. Accumulate income producing real estate, businesses run by others & stocks. Buy in a down market & sell when everyone is buying [< 7 yrs]. Keep productive assets & sell losers [reinvest].

Originally USA had no taxes, now 38% of our income goes to taxes [in one form or another]. 1913 Americans voted to tax the rich, but as the govt grew they also taxed the middle class & poor. If a govt dept doesn't spend their annual budget it is reduced next year [no incentive to save]. Use a 1031 tax deferred exchange on the sale of rental property. Use corporations & trusts to protect you from lawsuits. Buy foreclosed houses at county courthouse or bankruptcy lawyers at reduced cost & sale at a profit. Carry the mortgage for buyers.

Learn sales, communication skills, overall knowledge, how to manage people & cash flow. JOB means just over broke. Stay focused & never give up [winning usually follows losing]. He buys tax lien certificates from county [pays delinquent property taxes & gets 16% interest or deed after 2 years]. Get a great property manager [they also know good deals]. Some stay busy to avoid something else. Choose daily what to think & how to spend time & money. He retired at age 47.

Quotes: "I took the one less traveled by, & that has made all the difference." (Robert Frost) "Wealth is a person's ability to survive so many days forward." [or if I stopped working how long can I survive?] (Buckminster Fuller) "I always tried to turn every disaster into an

opportunity.” (John D. Rockefeller) “Our lives are a reflection of our habits.” “You’re either a master of money or a slave to it.” (RK)

Books: Cashflow Quadrant; Rich dad’s Guide to Investing (RK); As a Man Thinketh (James Allen); Beating the Street (Peter Lynch); Cheating Wealth [real estate] (Robert Allen); Incorporate & Grow Rich (CW Allen); Over the Top (Zig Ziggler); The Warren Buffet Way (Robert Hagstrom); Trump: the Art of the Deal (Donald Trump); Unlimited Power (Anthony Robbins); Richest Man in Babylon (George Classen)

Games: Cashflow for kids; Cashflow 101 & Cashflow 202

See his website at www.richdad.com