



Rich Dad Poor Dad

What the rich teach their kids about money that the poor and middle class do not!

Robert T. Kiyosaki
Warner Books Ed 2000
207 pages

Rating

9 Importance
8 Innovation
9 Style

Focus

Leadership & Management

Strategy

Sales & Marketing

Finance

Human Resources

IT, Production & Logistics

Career & Self-Development

Small Business

Economics & Politics

Industries

Global Business

Concepts & Trends

Take-aways

- Lot of people believe that their profession is their ultimate income. For rich people, their main assets are their income.
- Financial intelligence is the most powerful asset. By studying the fundamentals of accounting and investing, individuals will be able to see the difference between an asset and a liability.
- Accounting knowledge is “the most important subject in your life.”
- Luxuries are least prioritize. You must first generate enough cash flow from your assets to cover expenses .
- Aim for more assets, do not just rely on your income.
- Keep minimal expenses and cut down your liabilities.
- Corporations has a power - the power to manipulate wealth. Unlike individuals who earn and then pay taxes on what they earn while corporations earn, spend what they want, and pay taxes on what’s left.
- Work to learn, don’t work to earn. Look for a job wherein you can learn and improve your financial and investment skills. Learn about accounting, investing, markets, the law, sales, marketing, leadership, writing, speaking, and negotiating. An investment in knowledge pays the best interest.
- Prioritize to invest in learning about investing. Do not just buy investments.
- Be friend with smart people. Surround yourself with people who are smarter than you. Learn the skills they have and follow their winning practice.
- If you are not a risk-taker means you will never be rich. “Winning means being unafraid to lose.” •



- Learn the art to take risks. You must have a a can-do attitude and fearless entrepreneurship.
- Never underestimate the education from failure. It leads you to work at your best. Learn from your mistakes. Be wiser, stronger and better as you face failure. When something does not work out the way you wanted to, learn from it and move on.
- Fear, laziness, cynicism and arrogance are to be blamed for most of human inaction.
- Listening is more important than talking. Ask questions and get new ideas. Think smart!

Relevance

What you will learn

In this summary, you will learn:

- 1) How to think about work and money
- 2) How to accumulate assets and financial independence
- 3) The basics of real estate and investing.

Review

The book Rich Dad, Poor Dad is a story of Robert T. Kiyosaki which focuses on the lessons he learnt from his two fathers. They made a great influence from his childhood and a model that lead him to success. His own father, “poor dad,” who has a stable job for a living, while the “rich dad” (the father of his childhood best friend) owns a lot of businesses. Robert’s skills and knowledge that he got from his “rich dad” about how to be wealthy – and seeing how his “poor dad” resulted to a tremendous failure when it comes to money management. The central focus of the book educates you to work hard to save money and accumulate assets that can eventually replace the income you make from your profession. It takes discipline and a commitment to success. Aim high and stay focus to work and think smartly. If you’re looking for something that teaches you how to think about money the way wealthy people do, then this book is definitely for you.

Summary

The Rich Don’t Work For Money

“The only thing that life does is push you around.”

Fear and desire, these are the emotions which prevent poor people from being rich like for instance, the fear to spend monthly expenses or the fear of losing money and the desire of

having a lot of money. Ironic, it is. Poor people are more comfortable in having a simple life because they were not taught on how to take risks. They just work for money, fear, security that cause ignorance and poverty. Opportunities in life come and go, poor people are so busy for money and security and that they tend to be blinded by such beliefs. The rich people recognize these opportunities easily and turn them into gold.

The rich people in fact do work, and they absolutely work hard. They work to learn things, improve their skills, and whatever they learn will surely be utilized to make money over and over again.

Learn Financial Literacy

“Intelligence solves problems and produces money. Money without financial intelligence is money soon gone.”

There is one rule, and only rule that can help a person to build a strong foundation; know the difference between an asset and a liability, and make sure that you only control assets.

Do not be wise with your money once you have it, but rather be smart with your money before you have it. Don't try to build a skyscraper or even a house without building a strong foundation first.

Developing financial literacy is key to having any success with money. Financial literacy begins with a working knowledge of accounting. It is simply the study of managing one's finances. People have to understand that it's not how much they make, but how much they keep. It is very crucial to study the difference between assets and liabilities. For most, an asset is something that has value. For example, your home is an asset because it is something you own that has value. An asset is something that generates income, while a liability is anything that has costs. In other words, your primary residence is not an asset but a liability. It may have cash value, but it doesn't generate income. Instead, assets are forms of passive income that you control, like a rental property or intellectual property.

You become rich by accumulating assets. Wealth comes from having assets that generate income so that all of your expenses are covered and there is enough left over to invest in more assets.

What are the assets of rich people? Those include: real estate, apartments generating rents and businesses being managed by managers and generating cash.

Mind your own business

The main business of Mc Donald's owner is not selling hamburgers but real estate investment. He owns the “most valuable intersections and streets in America. If his hamburgers don't sell, there is enough property to be sold.

You should only mind your own business if you wish to become financially self-sufficient. You shouldn't mind your employer's business, you should work hard in finding ways to become a boss and nurture your businesses. Don't spend all your salary. Save some amount on a monthly basis and think about an idea which can be turned to profitable business later like real estate.

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You can start small, and trade your properties and then delays paying taxes on capital gains through an IRS mechanism.

The History of Taxes and Corporations

The rich people has the knowledge and ability to use the power of the corporation to protect and grow their assets. The advantage of a corporation versus that of the individual lies in how corporations pay taxes. Salaried people earn their salary, pay taxes and then spend from whatever amount is left. Rich people earn, their companies pay all their expenses including taxes and then they have enough amounts to spend, as all their expenses are paid before paying any tax. With this, you should develop your financial IQ. Learn the basics on accounting, investing, understanding the markets, and the law. Ignorance to these knowledges will lead to torture whereas knowing the basics will equipped you to “have fighting chance.”

The rich invest money

“A trained mind is a rich mind.”

Every individual has a talent but this is not developed because of self-doubt and fear. It’s not necessarily that the educated smart people who get ahead but the fearless and courageous. People create luck; they should not wait around for it – same with money. It has to be created. You don’t have to sit around and wait for something good that will happen. You have to work and work work for it. Stay focused and always work and think smart! Learn from others. Improve your skills on investing and knowledge on accounting. Prioritize to invest in learning about investing. Do not just buy investments. Learn how to manage risk. An investment is not risky. Not knowing how to manage an investment is risky. A person can invest money either through experts i.e. investment bankers, stock brokers etc or can go for self created investment by identifying an opportunity, raising capital and finding expert people to manage the business.

Capitalize on the knowledge of others. You should build your own knowledge base and therefore has more power over those who don’t know.

Work to Learn – Don’t Work For Money

People need to cultivate their management skills to help them on the road towards financial freedom. You should learn to manage cash flows, systems and people. Continuous learning is the key. Learn how to sell and market. Improve your communication skills as well. Oftentimes, it’s easy to get caught up in a job as a means of security or money. However, the rich use jobs as learning opportunities to develop necessary skills to be successful. Be skillful, you can even make money with no capital. Work for more knowledge that will make you successful and wealthy.

Tips to create and build personal wealth

Keep motivated by finding the reason greater than reality. You have to feed your mind with things that will make you rich. You should focus on your purpose and be financially smart! Surround yourself with authentic views that makes your mind strong and determined.

Be friends with people who enjoys accumulating assets and loves to discuss more about them. Pay yourself first. Practice by rewarding yourself first. When you reward yourself, you become

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more productive. There are three things that goes together: cash flow, people and personal time.

Be generous. Teach and you shall receive: “There are powers in this world that are much smarter than we are. You can get there on your own, but it’s easier with the help of the powers that be. All you need to be is generous with what you have, and the powers will be generous with you.”

Conclusion

Intelligent investing and asset building absolutely lead you to financial freedom.

Do not just work for your boss, aim to be the boss.

Do not stop from learning skills that will make you rich. Be friend to smart people. They will your heroes. “If they can do it, why can’t I?” Learn and emulate them. Take courses, buy tapes, attend seminars that will keep your learning curve. Feed your mind with knowledge that leads you to success.

You can be rich, all you have to do is to have an initiative to learn crucial skills for success. As Rich Dad, Poor Dad emphasizes, good education or a great job doesn’t make you successful and rich but rather the skills and knowledge you have are able to use to accumulate income. Think smart and be financially genius!

About the Author

Robert T. Kiyosaki is a real state investor, businessman, self-help author and motivational speaker.