Rich Dad Poor Dad

Robert T. Kiyosaki

# It was 20 Years Ago Today (20 Years… 20/20 Hindsight)

* **Rich Dad’s Lesson #1: “The rich don’t work for money”**
  + Today, people are very aware of the growing divide between the rich and everyone else
  + Between 1993-2010: Over 50% of the increase in the national income in the US went to the wealthiest 1%
  + Between 2009-2012: 95% of the income gains also went to the wealthiest 1%
  + *The increases in income are going to entrepreneurs and investors, not to employees – not to people who work for money*
* **Rich Dad Lesson: “Savers are Losers.”**
  + For the poor and middle class, “saving money” is a religion, financial salvation from poverty and protection from the cruel world
  + Take a look at the chart of 120 years of Dow Jones Industrial Average: there have been three massive stock market crashes in the first 10 years of this new century
    - The dotcom crash around the year 2000
    - The real estate crash of 2007
    - The banking crash of 2008

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* + If you compare that to the giant crash of 1929, you get a better idea of just how massive those crashes were

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* + After each crash, the U.S. government and federal reserve bank began “printing money”
  + Banks cut interest rates and printed money, leaders want us to believe they were saving the world, but the rich were saving themselves and threw the poor and middle class under the bus
  + “Today interest rates in many countries are below zero, which is why savers are losers.”
* **Rich Dad Lesson: “Your house is not an asset.”**
  + This lesson was heavily criticized when he first tried to publish the book in 1997
  + Ten years later, in 2007, subprime borrowers began to default on their subprime mortgages, the real estate bubble burst and millions of homeowners found out the truth the hard way
  + The real estate crash was not really a real estate crash, it was caused by the rich, not the poor
  + The rich created financially-engineered products known as **derivatives** (“weapons of mass financial destruction” according to Warren Buffett)
    - … look up derivatives …
  + When these weapons started to explode, the real estate market crashed, and poor, subprime borrowers were blamed
  + In 2007, there was an estimated $700 trillion in financial derivatives
  + Today, there are $1.2 quadrillion in financial derivatives. In other words, the real problem has gotten bigger, not better
  + From page 13: Not only does your personal residence not put money in your pocket, but you cannot count on the fact that it will go up in value. Many houses in 2017 are still worth less than they were in 2007
* **Rich Dad Lesson: “Why the rich pay less in taxes.”**
  + In the 2007 presidential elections, when it was disclosed that incumbent Barack Obama pays about 30% of his income in taxes and Governor Mitt Romney paid less than 13% in taxes, Mitt Romney began the downhill slide that would cost him the election
  + Rather than find out how Mitt Romney and Donald Trump pay less in taxes *legally*, the poor and middle class get angry
  + Even if taxes are reduced on the poor and middle class, the rich will always pay less taxes
    - The reason for this is lesson 1: “The rich don’t work for money”. As long as someone works for money, they will pay taxes.
  + Even when Hillary Clinton was promising to raise the taxes on the rich, she was promising to raise the taxes on those with high incomes – doctors, actors, and lawyers – not the real rich
* ***Why the Rich are Getting Richer* is similar to this book but at a higher and more in-depth level**

# Introduction

* One of the reasons the rich get rich, the poor get poor, and the middle class struggles in debt is that the subject of money is taught at home, not in school.
* Most of us learn from our parents, but what can poor parents tell their child about money? They just say “stay in school and study hard.”
  + So the kid may graduate with excellent grades, but with a poor person’s financial programming and mindset
* Money is not taught in schools, so you have politicians and government officials making decisions with little or no training in the subject of money (hence the staggering national debt)
* You might say “I can’t afford it” but it would be better to ask “How can I afford it?”
  + One is a statement, and the other a question
  + One lets you off the hook, and the other forces you to think
  + The former is mental laziness, the latter puts your brain to work
* Many people put their brains to sleep when it comes to finances
  + Exercise your brain instead, you will get stronger financially in the long term
* **Read Pages 13-14**
* “There is a difference between being poor and being broke. Broke is temporary. Poor is eternal.”
* He includes Robert Frost’s “The Road Not Taken”
* **Money is a form of power. But what is more powerful is financial education.**
  + Money comes and goes, but if you have the education about how money works, you fain power over it and can begin building wealth
* There are six lessons that rich dad taught him and that we go over in this book.

# Chapter One

## Lesson 1: The Rich Don’t Work for Money

*The poor and the middle-class work for money. The rich have money work for them.*

* He tells the story of his partnership at nine years old with his friend Mike and how they both went to Mike’s dad for advice on becoming rich
* Mike’s dad is the one Kiyosaki refers to as his rich dad
  + He made them both work 3 hours every Saturday for 10 cents an hour (the minimum wage then was 25 cents/hour I think)
* The world is moving faster and faster, stock market trades are made in milliseconds, deals come and go on the Internet in minutes
  + **The faster you can make a decision the more likely you’l be able to seize opportunities – before someone else does**
  + Take it or leave it
* Edgar Dale helped show that we learn best through action – doing the real thing or a simulation
  + Reading and lecture are the least effective ways to learn, yet that’s how most schools teach

… Cone of Learning …

* Buying or building assets that deliver cash flow is putting your money to work for you
  + High-paying jobs mean two things: you’re working for money and the taxes you pay will probably increase
  + Put your money to work and generate income that doesn’t come from a paycheck
* Most people go to college for four years, and their education ends
  + Most people never study the subject of money. They go to work, get their paycheck, balance their checkbooks, and that’s it
  + The lack of financial education is the problem