

My summary

A secular book on finance showing in graphic form and in English how to get above the fray financially.

Lessons learned (But fictional!) –

This diagram says is all (Rich = Wealthy = All income needed is derived from earnings on Assets)

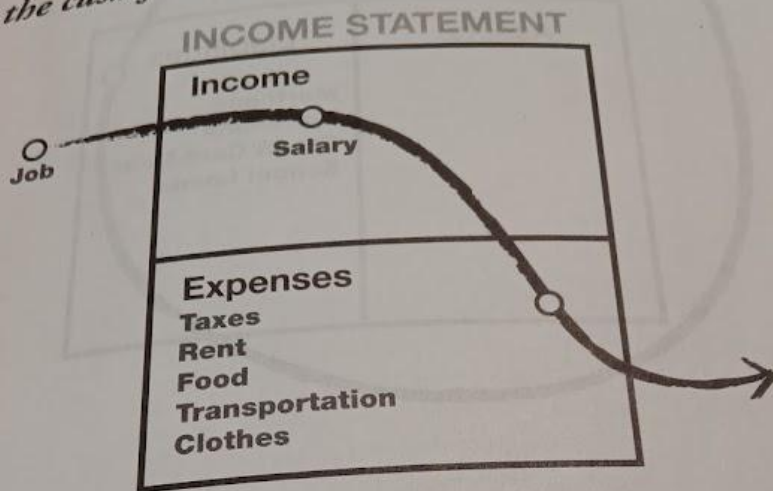
Take aways

- **Lesson 1: The rich do not work for money**
- There is a huge gap between intelligence and financial intelligence
- Financial intelligence is not taught in schools

- Financial intelligence is taught by your parents
 - Rich dad was an entrepreneur
 - Poor dad was a highly educated professor.
 - Poor (I can't afford it); Rich (How can I afford it)
 - Our national debt is due in large part to highly educated politicians and government officials making financial decisions with little or no training in the subject of money.
 - The cone of learning – learn by doing, not by reading
 - Life pushes us around - learn the lessons and move on- don't blame others for your problem and "hope for the best" expand yourself
 - Don't let life push you into submission.
 - Have mentors teach you what they know about money more than paying you for work – the education will help (His comic book story rocks it)
 - If you think someone else is the problem (Boss etc.) that can't help (you can't change them).
 - If you know you are the problem, you can fix yourself!
 - The poor and middle-class work for money. The rich have money to work for them. • More income won't help you if you have the previous mindset • You need to have the mindset of the rich:
 - Learn financial intelligence ◦ Have your money work for you...
 - Fear and Greed are not good emotions for financial intelligence
 - Emotions are Energy in motion – make sure you have positive energy
 - Observe your emotions- use your emotions to think – NOT think with your emotions.
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- **Lesson 2: Why teach financial literacy?**

well as numbers. The arrows in the diagram mean little, just as words out of context mean little. Numbers alone mean little. In financial reporting, reading numbers is looking for the plot, the story of where the cash is flowing. 80 percent of most families, the financial story paints a picture of hard work to get ahead. However, this effort is for naught because they spend their lives buying liabilities instead of assets.

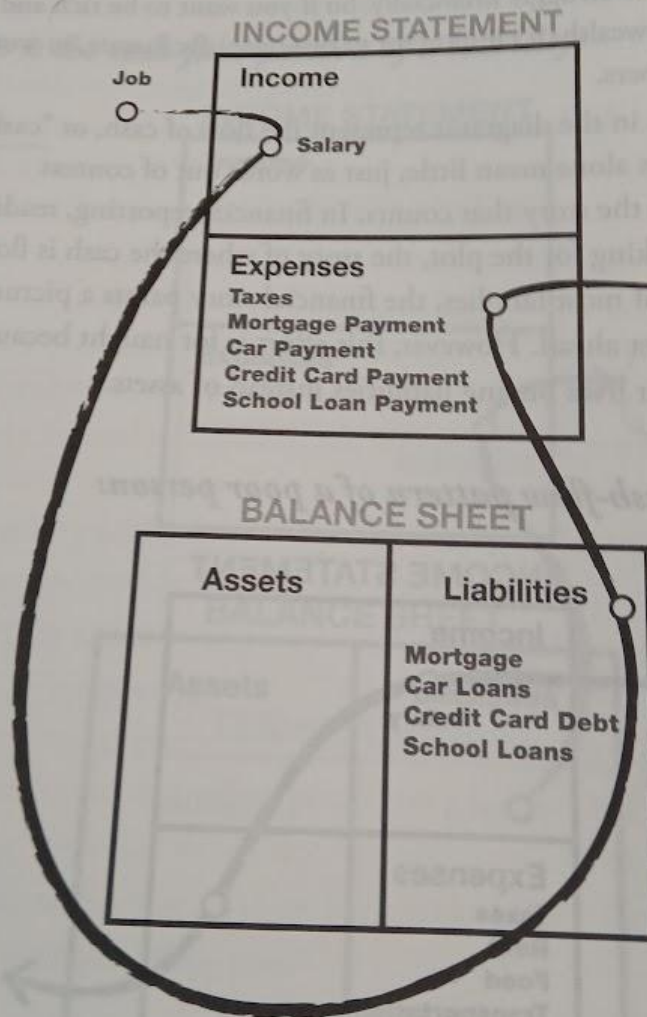
This is the cash-flow pattern of a poor person:

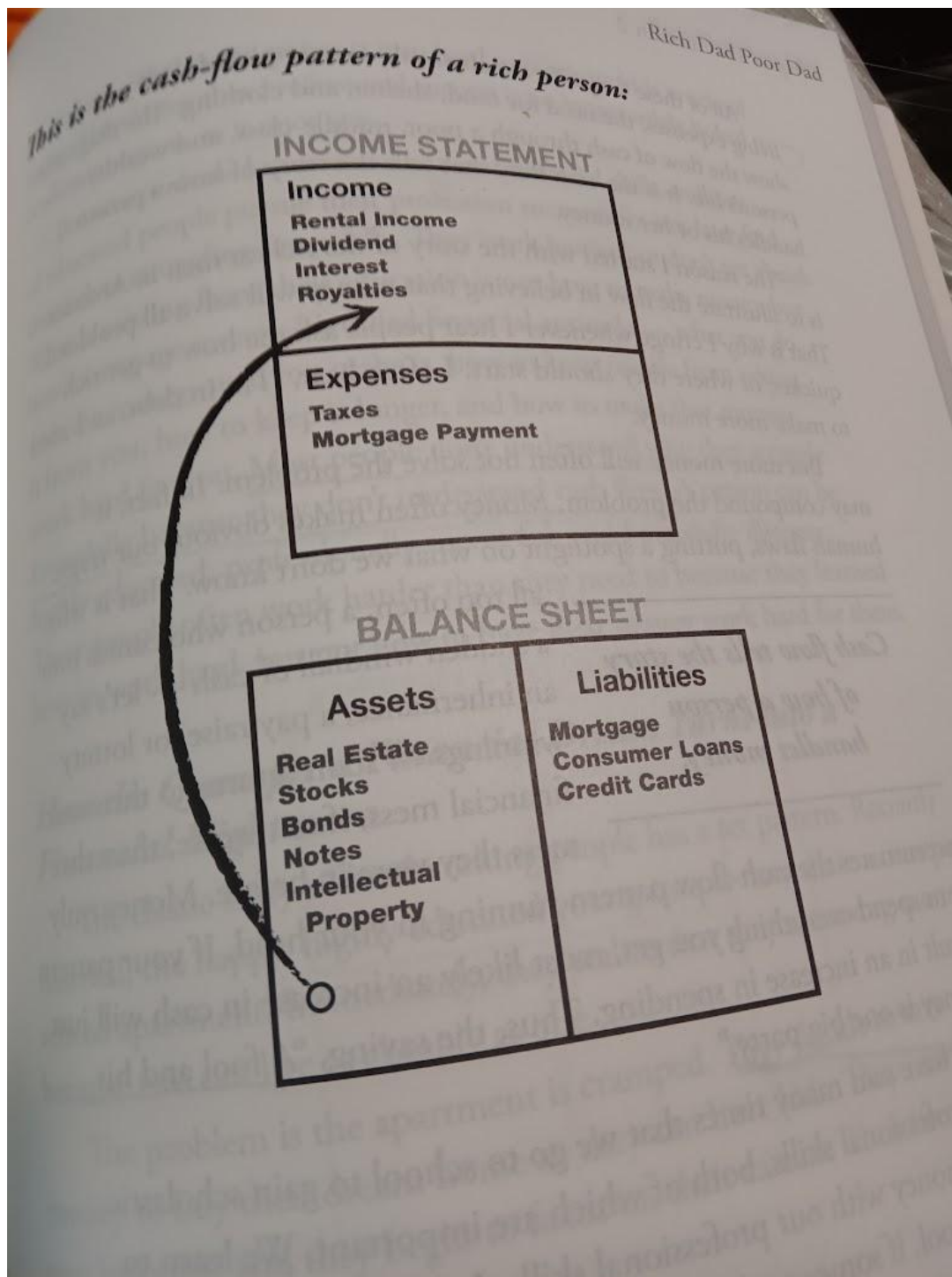


BALANCE SHEET

Assets	Liabilities

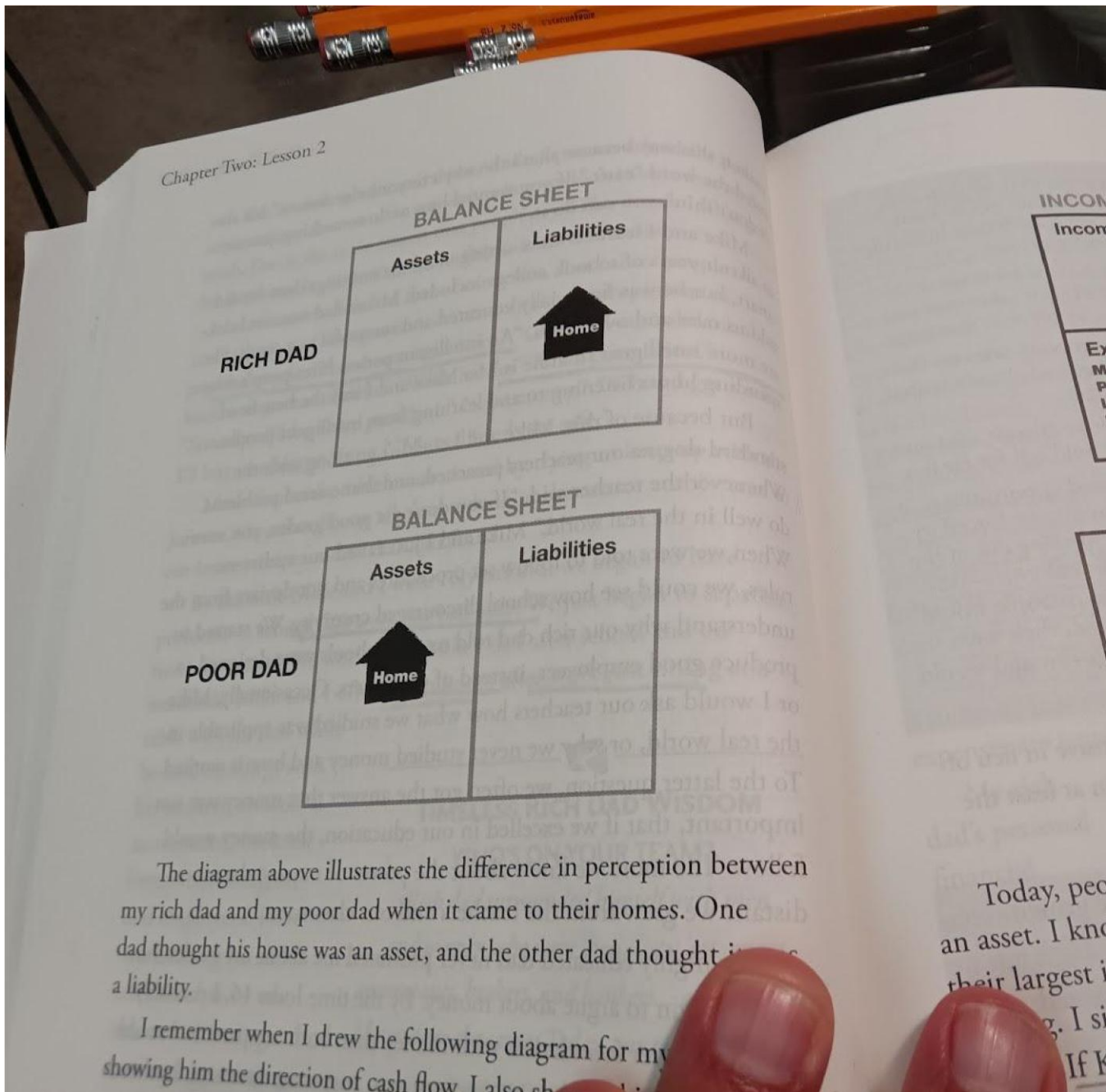
This is the cash-flow pattern of a person in the middle class:





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- More money – poor expense, middle liabilities, rich invest
- Wealth is how long you can live on your holdings

- The intelligent person hires people who are more intelligent than he is A HOME IS NOT AN ASSET! – or at best is a NON EARNING ASSET



- Build assets to live off of not more liabilities.

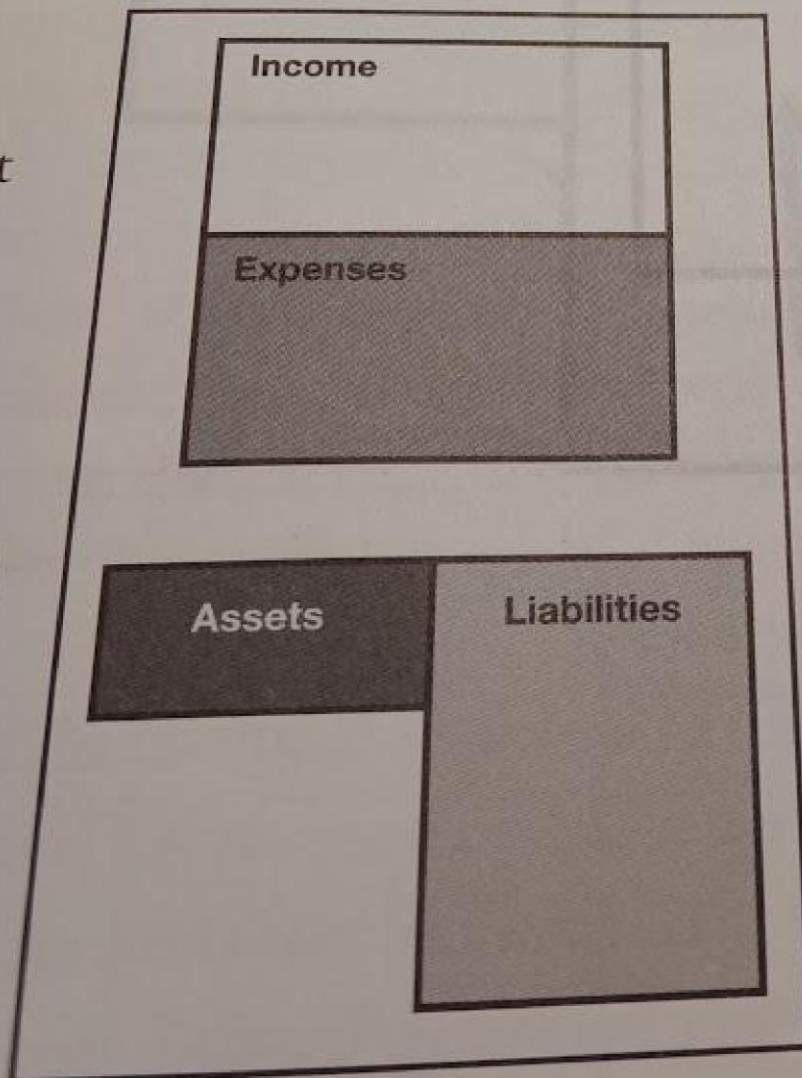
income, never
ing him enough
er to invest in
As a result, his
ies are larger
s assets.

Like it or not, money tells the score of your "game,"
and a financial statement is your scorecard.
Banks want financial statements — Income
Statement and Balance Sheet — to know how well
you're scoring in your life's financial game.

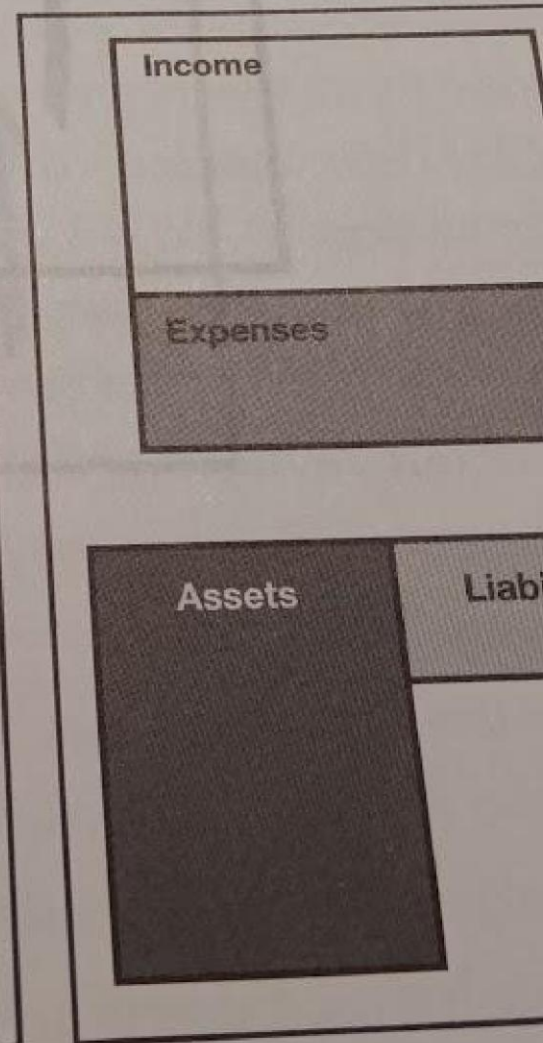
following diagram on the left shows my poor dad's income
statement. It is worth a thousand words. It shows that his income and
expenses are equal while his liabilities are larger than his assets.

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***Poor Dad's
Financial Statement***



***Rich Dad's
Financial Statement***



- R Buckmaster fuller – Wealth is when income from assets > expenses
- Wealth is a persons ability to survive so many days forward. If I stopped working, how long would I survive?
- Non cash earning assets – shit sitting in your garage cars crap the condo, the house.
- The rich buy assets, the poor only have expenses, the middle class has liabilities that they think are assets
- **3.Mind your own business**
- Mc Donalds own real estate that it their business
- Car Washes and all own the real estate more than the car wash
- Mind your own business
- What is your business (I don't own a bank; banking is my PROFESSION)
- You need to worry about your BUSINESS (401k investment money) and your PROFESSION (what earns you that money)
- Your business is minding what is in your asset column
- College, you don't become what you study, your PROFESSION is based off of what you study
- Financial struggle is people working all their lives for somebody else
- Poor and middle class have no assets and can't afford to take risks like rich people.
- If you want to start working full time and use the money extra and time off to invest in yourself and your business
- Rich people have MONEY to take the risks
- Put each dollar in the asset column to work
- Rich people use the asset results to buy luxuries, poor by the luxuries as liabilities (borrow on them)
- Acquire the types of assets you love so you'll take better care of them.

- **4.The history of taxes and the power of corporations.**

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- Rich dad = Robin hood was a crook – take from the rich and give to the poor
- The rich never have paid for the poor – they have ways around that
- The middle class and especially upper middle class pay for the poor
- The narrative is that the rich had to pay taxes to help the poor but only the middle class really pays the taxes – in reality, the rich are not punished
- Government sux – no profit motive - the more people he hires and the larger his organization is, the more he is respected.
- Business- the fewer people I need and the less money I need, the more I am respected by my investors.
- The rich created corporations for shipping in the 16th century to share risk and reward – shipping was expense and risky so share the burden.
- We still use the corporations today.
- No matter what the take it from the rich crowd came up with, the rich always found a way to outsmart them – this is how taxes got levied on the middle class. The rich outsmarted the intellectuals solely because they understood the power of money, a subject not taught in schools.

- Money goes from the middle class to the rich (government contracts) and government workers mostly who want a big bureaucracy
- The biggest bully that exists is not the boss, but the tax man –
- Every time the people try to punish the rich, the rich don't comply – they react
- Section 1031 – real estate taxes – corporations tax AFTER expenses where people pay taxes BEFORE expenses
- If you work for money, you give the power to your employer – if money works for you you keep the power and control it.
- You can work your way up the ladder or own the ladder
- Focusing on minding your own business make you a better employee because you want to be diligent and come in early and do a good job (is sales or hourly) so you can amass the assets that will work for you via savings
- Financial IQ=Accounting+ Investing+ the law+experiences

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• **Lesson 5: The rich invent money**

- Balls and brilliance make more difference for success than school grades • Excessive fear and self doubt are the greatest detractors of personal genius.
- Being financially literate gives you more options.
- Historical wealth => land => Capital => Knowledge
- Don't buy a boat
- Play the CASHFLOW game
- If you have real estate and play the game right through a company or 1031, you can create untaxed wealth.
- Use examples:
 - To inspire people to learn.
 - To let people know it is easy if the foundation is strong
 - To show that anyone can achieve great wealth
 - To show that there are millions of ways to achieve your goals
 - To show that it is not rocket science
- Do what you know (real estate and small cap?)
- If you have a business idea, you'll have to know how to find the right opportunity everyone else missed, raise money and organize smart people.

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• **Lesson 6: Work to learn, not for money** • Sales training is important for many reasons.

- Education – you want to know a lot about a little – Rich dad- you want to learn a little about a lot, learning speed is critical.
- Take a second job that will teach you a second skill. Work and learn.
- Highly specialized people should unionize but that won't help them – if the company or work situation goes under.
- You need to be excellent on business systems.
- The more specialized you become, the more trapped you become,
- Executives on the fast track at GM had a fast track are **groomed** and not over specialized
- The world is full of talented poor people.

- The main management skills for success are:
 - Management of cash flow
 - Management of systems
 - Management of people

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- **Lesson 7: Overcoming obstacles**

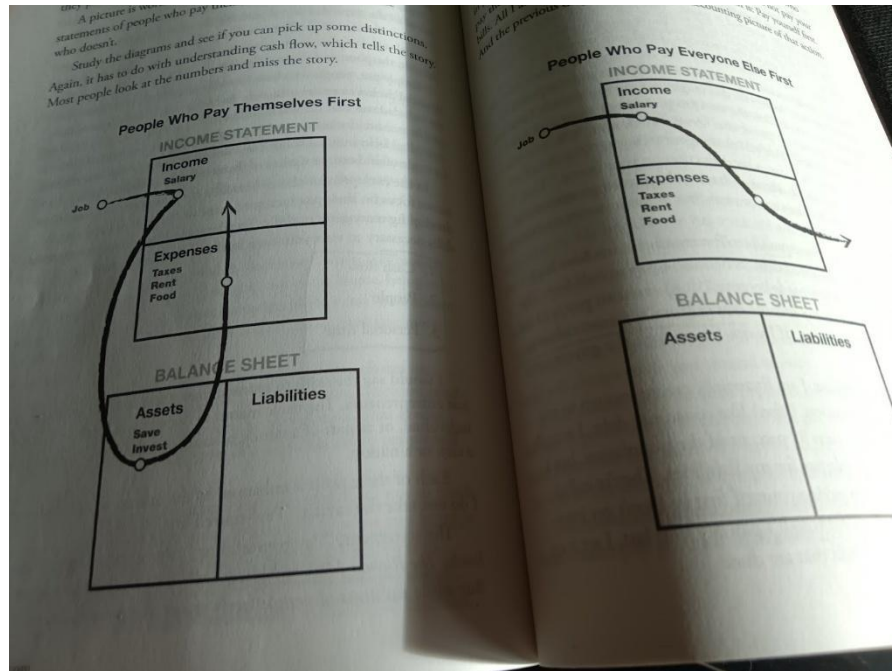
- We can be afraid, but it's all about how you handle fear.
- Winning means being unafraid to lose.
- The right mindset is that failure makes you stronger and smarter.
- There is a difference between hating to lose and being afraid to lose
- FOCUS: Follow one course until successful.
- Mistakes are opportunities to learn.
- **Tax lien certificates?**
- Cynics criticize; Winners analyze.
- Automate stop orders.
- If you are worried about chicken little, look at COLEEN SANDERS he fries them.
- People keep busy to avoid what they do not want to face.
- It's not I can't afford it; it's How can I afford it.
- Radio station wii-fm (What's in it for me)
- Guilt is worse than greed as it robs your soul
- Do what you think is right (Because your damned if you do and damned if you don't)
- Pay yourself first and let the rest work itself out.
- When I'm arrogant, I believe that what I don't know is not important.

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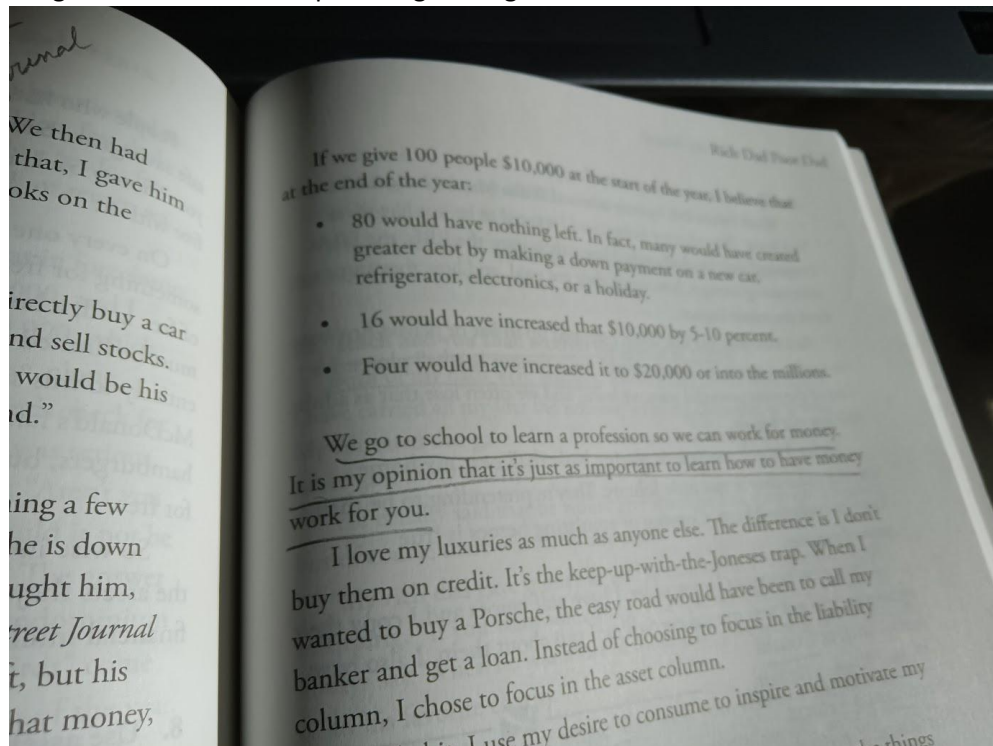
- **8. Getting started**

- We are educated to believe that the love of money is the root of all evil • As such – we avoid learning about financial intelligence – keeps us down
- Rabbi Lapkin – Though Shalt Prosper.
- It's actually easier to (go to school,) find a job and work for money than it is to build your own business
- Ten step method:
 1. Find a reason greater than your current reality – the power of Spirit
 2. Make daily good choices
 - We have the power to choose our future
 - We can be rich, poor or middle class
 - Usually the poor have poor spending habits
 - We need to learn how to acquire assets, (real earning assets)
 - For 90% of the people being rich as too much of a hassle (I'm still young, I'll never be rich, I don't have to worry etc)
 - Invest in education – it's YOU, Inc,
 3. Choose friends and a tribe carefully
 - There is always another wave to catch

- You want rich friends – the power is in the information
- 4. Master a formula and learn a new one- **THE POWER OF LEARNING QUICKLY**
 - **You are what you eat. You become what you study**
- 5. **Pay yourself first** (a violation of Ramseys rule but if done right it works Ramsey good for people that are bad with their money bad for people that are good with their money
 - A business needs: Cash flow, people and personal time.



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- 6. Get good advice even if expensive get the good counsel



Be a lender not a giver (get your money back (when will I get it back?))

7. Use ASSETS (ASSETS INCOME) to buy luxuries

□ We go to school to learn how to make money – but we have to find other ways to learn how to have money work for you.

8. Choose your heroes – read up on those who succeeded

9. Teach and you shall receive

□ If a person is wealthy – they have provided something other people wanted
□

• Chapter 9: More to dos:

- What is working for you? What is not working for you? Self asses – Stop doing what you are doing
- Look for new ideas
- Find someone who has done what you want to do (tax liens – county government) ○ Take classes, read and attend seminars ○ Write lots of (offers business cases plans etc.) ○ Real estate – scope out the area competition trends etc. ○ Shop for bargains, Look in the right places, real estate (find buyers and then sellers), learn from history
- Action always beats inaction! ○

Extra groovy pics to align with Ramsey:

