MONEY & INVESTING

Rich Dad Poor Dad

by Robert T. Kiyosaki

Two dads, two money mindsets: the rich buy assets that pay them, and that lesson is not taught in school.

BEST POINTS FROM THE BOOK

01 **The rich don't work for money. They make money work for them.**

Lesson 1: fear and desire trap employees in the Rat Race - working, getting a raise, spending it, repeat. Rich dad made young Robert work for free until he stopped chasing wages and spotted an opportunity instead: a comic-book library that earned without him.

02 **Rule #1 of money: know an asset from a liability - and buy only assets.**

Lesson 2's cash test: an asset puts money in your pocket, a liability takes it out. By that test your own house is a liability, not an asset - it drains cash in mortgage, taxes, and upkeep instead of paying you.

03 **It's not how much money you make. It's how much you keep - and how hard it works for you.**

Lesson 2: a raise poured into a bigger house and bigger spending changes nothing. Read your financial statement - income, expenses, assets, liabilities - because the numbers tell the story of your life.

04 **Mind your own business: your job is your profession, your asset column is your business.**

Lesson 3: keep the day job, but spend your real effort buying assets - businesses that run without you, stocks, bonds, income-producing real estate, notes, royalties. Ray Kroc told MBA students McDonald's true business wasn't hamburgers; it was the land underneath them.

05 **The rich buy luxuries last. The poor and middle class buy them first.**

From Lesson 3: build the asset column first, then let the cash flow from assets - not credit cards - pay for the luxuries. Looking rich and being rich are opposite cash-flow patterns.

06 **Pay yourself first - before bills, before taxes, before anyone else.**

Getting Started's hardest step: move money into your asset column first, every month. The pressure of the bills left over forces your financial genius awake - you find extra income instead of letting creditors and comfort take everything.

07 **A corporation earns, spends, then pays tax on what's left. An employee earns, pays tax, then spends what's left.**

Lesson 4: income tax was introduced aimed at the rich, but the rich sheltered income in corporations while the middle class got taxed. Using a company legally is one of the biggest loopholes - and everyday people can use it too.

08 **The rich invent money: with financial IQ and courage, they build deals other people never see.**

Lesson 5: financial IQ is four skills together - accounting, investing, understanding markets, and the law. Trained eyes plus boldness turn small bankrolls into foreclosures bought cheap, properties flipped, and assets created from nothing.

09 **Work to learn, not just to earn - and never overspecialize.**

Lesson 6: Kiyosaki joined the Marines for leadership and Xerox to conquer his fear of selling, not for the salary. Poor dad's prized specialization made him dependent on one employer and one paycheck; a broad stack of skills is real security.

10 **Five inner blocks stop even smart people from getting rich: fear, cynicism, laziness, bad habits, and arrogance.**

Overcoming Obstacles: everyone fears losing money - the rich just manage the fear. Winners let failure inspire them; cynics criticize while winners analyze; and arrogance - believing what you don't know doesn't matter - is the most expensive of all.

11 **Never say "I can't afford it." Ask "How can I afford it?"**

Rich dad banned the first sentence in his house: it shuts your brain down and lets you off the hook. The question forces your brain - your greatest asset - to work on an answer instead of accepting a dead end.

THE BOOK, IN SHORT

Robert Kiyosaki grew up in Hawaii with two father figures giving opposite money advice. His real father, the 'poor dad,' was a Ph.D. who rose to superintendent of Hawaii's education system yet struggled financially his whole life. His best friend Mike's father, the 'rich dad,' never finished eighth grade yet became one of the richest men in Hawaii. The book is built from the contrast - and from the lessons rich dad taught the two boys over years, starting when they were nine.

The foundation is Lesson 2's single rule: know the difference between an asset and a liability. Assets put money in your pocket; liabilities take money out. The poor earn and spend. The middle class buy liabilities they believe are assets - above all a bigger house. The rich buy income-producing assets first, and let asset cash flow pay for their luxuries last.

Six lessons carry the argument: the rich don't work for money; learn financial literacy; mind your own business by building your asset column instead of only your employer's; understand taxes and

the power of corporations; invent money by spotting and building deals; and work to learn a broad stack of skills instead of working only for a paycheck.

The final chapters get practical. Overcoming Obstacles names the five reasons financially literate people still stay stuck - fear, cynicism, laziness, bad habits, and arrogance. Getting Started then offers ten steps to awaken your 'financial genius,' including finding a reason bigger than reality, paying yourself first, using asset income to buy luxuries, and teaching others what you're learning.

The dad stories work as teaching tales, and the habit underneath them is the real lesson millions of readers kept: buy assets first, keep learning, and let cash flow - not a bigger salary - set you free.

DO THIS WEEK

This week, do Kiyosaki's cash test on your own life. Draw a simple financial statement: income and expenses on one sheet, then two columns - ASSETS (things that put money in your pocket this month) and LIABILITIES (things that take money out). Be honest about your house and car. Then pay yourself first: before any bill, move even $25 into a separate account you will only use to buy a first small asset, like an index fund. The habit starts the asset column; the amount can grow later.

By Robert T. Kiyosaki (with Sharon L. Lechter), first published 1997. Read it if school never taught you money and you want the asset-first mindset told in plain stories.