

# **Rich Dad, Poor Dad**

**Robert Kiyosaki and Sharon Lechter, ©1997**

**This is the first book in the series that launched American Robert Kiyosaki to the top of the wealth writing, speaking and how to teach your kids about money (game) circuit**

- **Spent 238 weeks on the NY Times best seller list**

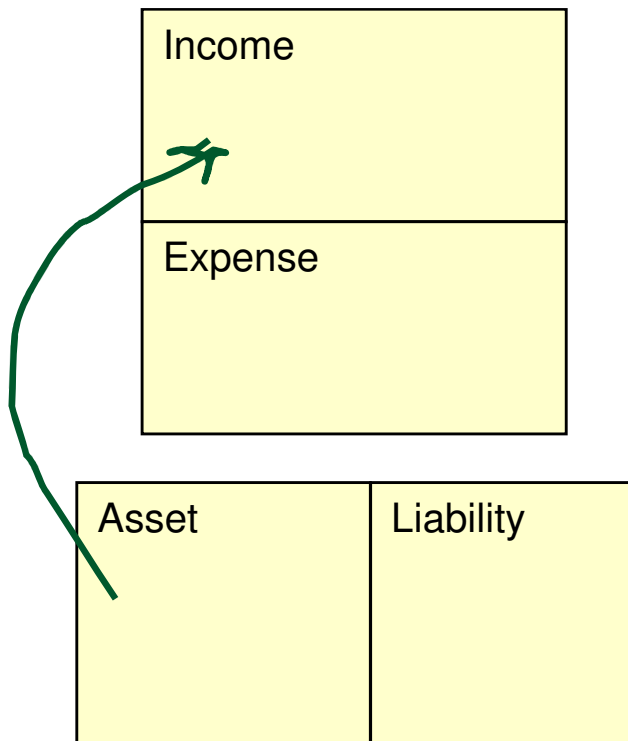
**It makes frequent use of a simple but powerful “expense:income, asset:liability” money flow framework to explain wealth creation or lack of it (see next page)**

- **Wealth is created by buying assets with surplus income (for employees) or by using the rewards from entrepreneurial effort (their preference)**

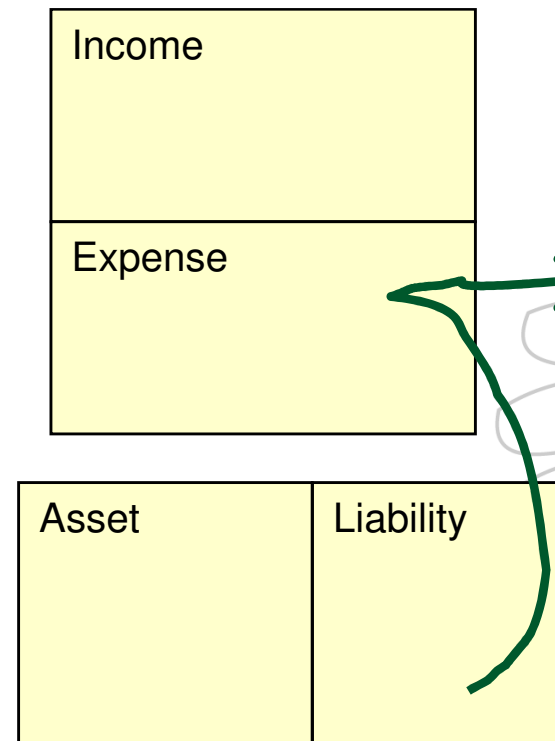
**It contains a few new concepts and reinforces other proven ones, including:**

- **Your house is a liability not an asset**
- **Work to learn and not for money (for many lower income workers, greatest wealth is created from owning a business, not working in a business or being self-employed)**
- **‘Choose friends carefully’ to learn and stay motivated**
- **Pay yourself first – self discipline is the #1 delineating factor between rich and poor**
- **‘Pay your brokers well’ – good advice should make you money**
- **Profit in a deal requires a “bargain and a change” - profit is made on the ‘buy’ not ‘sale’**
- **Use your desire to consume to inspire and motivate your financial genius - buy your Porsche from your asset column [profits] not from your liability column [loan]**

# Cash flow pattern of an asset and liability ...



**'an asset is something that puts money in your pocket'**



**'a liability is something that takes money from your pocket'**

**'if you want to be rich, simply spend your life buying assets'**

# ... and of a ...

Young person at home,  
or a poor person

Job

Income Pay check
Expense Taxes, food, rent, clothes, fun, car ...

Asset	Liability
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Job or  
Profession

Middle class [battler]

Income Pay check
Expense Taxes, mortgage, fixed expense, food, car, clothing ....

Asset	Liability Mortgage, credit cards, ...
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'his expenses seem to  
always keep up with his  
income never allowing him  
to invest in assets'

'you work for money''

Wealthy person

Income Dividends, interest rental income, royalties ...
Expense

Asset Stocks, business, bonds, property, IP	Liability
---------------------------------------------------------	-----------

'why the rich get richer ...  
asset column generates more  
than enough income to cover  
expenses, balance reinvested  
in the asset account'

'money works for you'

# Your home is your asset?

'Poor Dad's view'

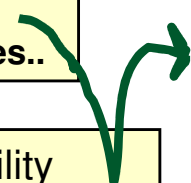
Income
Expense

Asset	Liability
Home?	

'Rich Dad's view'

Income
Expense Mortgage, stamp duty, rates, insurance, maintenance, utilities..

Asset	Liability
	Home !



**'End result of making a decision to own a house that is too expensive, in lieu of starting an investment portfolio early on, impacts an individual three ways'.**

- 1) Lose time assets can grow in value [compound]**
- 2) [Less capital to invest] from paying higher expenses**
- 3) Loss of investment education experience"**

**'Today, I am still challenged by the idea of a house not being an asset ... owning your home is better than nothing ... I simply offer an alternate way of looking at this popular dogma. My wife and I would love a bigger home, but we know it is not an asset if it takes money out of our pocket'.**

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