

Summary of Robert T. Kiyosaki's “Rich Dad Poor Dad”

Summaries are great and a personal interpretation. Nothing beats the original.
[Buy the book here.](#)

Visionary Statements

- Take the road less traveled
- Work to learn, don't work for money
- Excessive fear and self-doubt are the greatest detractors of personal genius
- Don't play it safe, play it smart
- It is not the smart that get ahead but the bold
- Learn how to acquire assets that generate income
- Money is only an idea. If you want more money, simply change your thinking
- Action always beats inaction

The Rat Race

Life pushes all of us around. Some give up, playing it safe. Others fight. A few learn the lesson and move on. They don't blame others but change themselves.

Working harder to earn more money is not the solution to become financially independent. The greed for a higher salary and the fear to be without money keep people in the rat-race of working for money and paying bills.

When the only income is the paycheck, someone is completely dependent on the employer.

The poor and middle class work for money. The rich have money working for them.

There are three different types of income:

- Earned income (paycheck)
- Passive income (from real estate)
- Portfolio income (from paper assets)

Self-Assessment

Stop what you are doing, assess what is working and what not, stop doing what is not working and look for something new to do:

- Where is this daily activity taking me?
- Is there something I am missing here?
- What are my “don’t wants” and what are thus my “wants”?
- What in what I am doing is working and what is not working?
- What is driving my fear and greed and what would be the best solution for these emotions?
- What assets do I love to investigate and to buy?
- How can I afford it?

Assets and Liabilities

The rich acquire income generating assets and the poor and middle class acquire liabilities.

Assets generate a regular net income. Liabilities generate a regular net expense.

Assets: stocks, bonds, mutual funds, notes, income generating real estate, IPR, business that do not require your presence, and anything else that has a value, produces income or appreciates and has a ready market.

Income from assets: dividends, interest, rental income, royalties.

Liability: debt, a higher mortgage.

Expenses: tax, property tax, insurance, maintenance, utilities, rent, mortgage.

Financial independence and increasing wealth: the net income from the assets exceeds the expenses.

Focus on growing the income generating assets, and on keeping liabilities and expenses down.

Mind Your Own Business: Building the Assets Column

Mind your own business (asset column), which is not the same as your profession (income column).

Collect the assets you love, you love to have, you love to buy, and you love to investigate.

The rich buy and collect the assets via their corporation and therefore can deduct their spending before paying taxes.

Keep the asset base solid and expand it gradually.
Plant seeds in the asset column.

Pay yourself, your asset column, first. Buy luxuries only from a part of the income generated by the asset column, not from the paycheck.

Never take money out of your asset column.

Investing in Income Generating Assets

Develop your Financial IQ:

- 1) Accounting to identify strengths and weaknesses of any business.
- 2) Investing involving strategies and formulas.
- 3) Understanding markets, supply and demand, to be able to recognize a bargain.
- 4) Law: tax advantages and protection from lawsuits.

Look for new investing ideas by reading how-to books on unique subjects and take action.

Take classes and buy educational tapes on new and interesting topics.
Find someone who has done what you want to do.

Know the market in which you buy assets very well. Knowledge reduces risk and therefore makes more opportunities interesting. Investing is not buying, but more a case of knowing, managing the risk instead of avoiding it.

Changes in the market generate opportunities. Continuously look for and register opportunities! Find many alternative investment options.
Great opportunities are not seen with the eyes but with the mind.

Know where to shop for bargains and know the value of goods and the current market price to be able to recognize these bargains. Look in the right places for the bargains. The profit is made when you buy, not when you sell. Make many, low offers to acquire bargains. Look for people who want to buy first before you look for people who want to sell. Buy the pie and cut it in pieces after you have found people who want to buy a piece.

Look for every investment for an upside, for something for free, while the investment itself is low risk. What assets do you get for free once you have your money back?

Money can be made without exchanging money, but via exchanging agreements. How many different financial options can you come up with to make use of an opportunity?

The huge wins are in the investments that are putting together piece by piece.

Delay paying taxes on capital gains by keep trading up in value.

25% of the investments do well, 50% do nothing and 25% do bad.

Professional investors:

- See opportunities with the mind that others miss by looking at the total picture.
- Know how to raise capital besides going to a bank
- Hire people who are more intelligent than they are in some technical area.

Main Obstacles for Generating Wealth

- Fear of losing and rejection: Instead of being afraid of losing, let losing inspire you. Only those who play to win, win big. Those who play safe or play “not to lose”, never win big.
- Cynicism: Cynics criticize and winners analyze. Solving the “I don’t wants” lays the foundation for success.
- Laziness: Neglecting something important by staying busy with work or other matters. What are you sacrificing? A little greed solves the laziness. How can I afford it?
- Habits: Change the habit of paying yourself last into paying yourself first.
- Arrogance: Arrogance is used to hide ignorance. Arrogance results in losing money. Educate yourself via experts or books.

Ten Steps to Awaken the Financial Genius Inside

- 1) Find the reason greater than reality: A reason/purpose is a combination of “wants” and “don’t wants”. List the “don’t wants” first. They create the “wants”.
- 2) Choose daily: Choose daily what you do with your time, with your money and what you educate yourself on. Education comes first. Use it to get new ideas.
- 3) Choose friends carefully. Learn from your friends. Don’t listen to poor or frightened people. Smart investors get themselves in position for the next wave.
- 4) Master a formula and then learn a new one. You become what you study. Learn fast.
- 5) Pay yourself first: Allocate each month a part of the income to the asset column. It is about self-discipline. After you have paid yourself first, use the pressure from the bills to find innovative solutions for making more money. Don’t get into large debt positions that you have to pay for.

- 6) Pay your brokers well. Pay professional experts well when their advice is worth it. Find brokers who have the same “own” business as you have and check what percentage they pay in taxes.
- 7) Look to get something for nothing. Look for every investment for an upside, for something for free, while the investment itself is low risk. What assets do you get for free once you have your money back? Invest in a stock. Pull the initial investment out after some gains and leave the gain subject to the market growth and fluctuations.
- 8) Buy luxuries from income out of assets and definitely not by going into debt.
- 9) Study the role models who are in the same business as you and who can make it look easy.
- 10) Teach and you shall receive. Give money and you will receive money.
 - a. Realize that you have an ego and that you are not your ego.
 - b. Start every day with declaring “I shall not judge anything that occurs”.