



Rich Dad Poor Dad Lessons

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Rich Dad Poor Dad Summary

“There is a difference between being poor and being broke. Broke is temporary. Poor is eternal.”

“Money comes and goes, but if you have the education about how money works, you gain power over it and can begin building wealth.”

“People's lives are forever controlled by two emotions: fear and greed.”

“So many people say, ‘Oh, I’m not interested in money.’ Yet they’ll work at a job for eight hours a day.”

“Thinking that a job makes you secure is lying to yourself.”

“Intelligence solves problems and produces money.”

“You must know the difference between an asset and a liability and buy assets.”

An asset puts money in your pocket. A liability takes money out of your pocket.

“Illiteracy, both in words and numbers, is the foundation of financial struggle.”

“Money often makes obvious our tragic human flaws, putting a spotlight on what we don’t know.”

“Cash flow tells the story of how a person handles money.”

“Most people don’t understand why they struggle financially because they don’t understand cash flow.”

“The number-one expense for most people is taxes.”

Higher incomes cause higher taxes. This is known as “bracket creep.”

“More money seldom solves someone’s money problems.”

“The fear of being different prevents most people from seeking new ways to solve their problems.”

“A person can be highly educated, professionally successful, and financially illiterate.”

“Many financial problems are caused by trying to keep up with the Joneses.”

Once you understand the difference between assets and liabilities, concentrate your efforts on buying income-generating assets.

“The problem with simply working harder is that each of these three levels takes a greater share of your increased efforts. You need to learn how to have your increased efforts benefit you and your family directly.”

“Wealth is a person’s ability to survive so many numbers of days forward—or, if I stopped working today, how long could I survive?”

“The rich buy assets. The poor only have expenses. The middle-class buy liabilities they think are assets.”

“The rich focus on their asset columns while everyone else focuses on their income statements.”

“Financial struggle is often directly the result of people working all their lives for someone else.”

“The mistake in becoming what you study is that too many people forget to mind their own business. They spend their lives minding someone else’s business and making that person rich.”

“To become financially secure, a person needs to mind their own business.”

“Financial struggle is often the result of people working all their lives for someone else.”

“The primary reason the majority of the poor and middle class are fiscally conservative—which means, ‘I can’t afford to take risks’—is that they have no financial foundation.”

“One of the main reasons net worth is not accurate is simply because, the moment you begin selling your assets, you are taxed for any gains.”

“A new car loses nearly 25 percent of the price you pay for it the moment you drive it off the lot.”

“Keep expenses low, reduce liabilities, and diligently build a base of solid assets.”

Kiyosaki says he owns businesses that do not require his presence. “If I have to work there, it’s not a business. It becomes my job.”

According to Kiyosaki, real assets fall into the following categories:

1. Stocks
2. Bonds
3. Income-generating real estate
4. Notes (IOUs)
5. Royalties from intellectual property such as music, scripts, and patents
6. Anything else that has value produces income or appreciates, and has a ready market

“For people who hate real estate, they shouldn’t buy it.”

Kiyosaki generally holds real estate for less than seven years.

Start minding your own business. Keep your daytime job, but start buying real assets, not liabilities.

When Kiyosaki says mind your own business, he means building and keeping your asset column strong. Once a dollar goes into it, never let it come out.

“The best thing about money is that it works 24 hours a day and can work for generations.”

“An important distinction is that rich people buy luxuries last, while the poor and middle class tend to buy luxuries first.”

“A true luxury is a reward for investing in and developing a real asset.”

Kiyosaki’s rich dad did not see Robin Hood as a hero. He called Robin Hood a crook.

“If you work for money, you give the power to your employer. If money works for you, you keep the power and control it.”

“Each dollar in my asset column was a great employee, working hard to make more employees and buy the boss a new Porsche.”

Kiyosaki reminds people that financial IQ is made up of knowledge from four broad areas of expertise:

1. Accounting
2. Investing
3. Understanding markets
4. The law

“A corporation earns, spends everything it can, and is taxed on anything that is left. It’s one of the biggest legal tax loopholes that the rich use.”

“Garret Sutton’s books on corporations provide wonderful insight into the power of personal corporations.”

“Often in the real world, it’s not the smart who get ahead, but the bold.”

Kiyosaki sees one thing in common in all of us, himself included. We all have tremendous potential, and we all are blessed with gifts. Yet the one thing that holds all of us back is some degree of self-doubt.

In Kiyosaki’s personal experience, your financial genius requires both technical knowledge as well as courage.

Kiyosaki always encourages adult students to look at games as reflecting back to them what they know and what they need to learn.

“Games reflect behavior. They are instant feedback systems.”

“Financial intelligence is simply having more options.”

“The single most powerful asset we all have is our mind. If it is trained well, it can create enormous wealth.”

“The world is always handing you opportunities of a lifetime, every day of your life, but all too often, we fail to see them.”

Richard uses two main vehicles to achieve financial growth: real estate and small-cap stocks.

“Simple math and common sense are all you need to do well financially.”

“The problem with ‘secure’ investments is that they are often sanitized, that is, made so safe that the gains are less.”

“It is not gambling if you know what you’re doing. It is gambling if you’re just throwing money into a deal and praying.”

“Most people never get wealthy simply because they are not trained financially to recognize opportunities right in front of them.”

“Great opportunities are not seen with your eyes. They are seen with your mind.”

“You want to know a little about a lot,” was rich dad’s suggestion.

“Job is an acronym for ‘Just Over Broke.’”

“Look down the road at what skills they want to acquire before choosing a specific profession and before getting trapped in the Rat Race.”

“Education is more valuable than money in the long run.”

“The reason so many talented people are poor is that they focus on building a better hamburger and know little to nothing about business systems.”

The main management skills needed for success are:

1. Management of cash flow
2. Management of systems
3. Management of people

“The most important specialized skills are sales and marketing.”

“To be truly rich, we need to be able to give as well as to receive.”

“Giving money is the secret to most great wealthy families.”

“The primary difference between a rich person and a poor person is how they manage fear.”

There are five main reasons why financially literate people may still not develop abundant asset columns that could produce a large cash flow. The five reasons are:

1. Fear
2. Cynicism
3. Laziness
4. Bad habits
5. Arrogance

“For most people, the reason they don’t win financially is that the pain of losing money is far greater than the joy of being rich.”

“Failure inspires winners. Failure defeats losers.”

“Real estate is a powerful investment tool for anyone seeking financial independence or freedom.”

“A great property manager is key to success in real estate.”

The most common form of laziness is staying busy.

“Rich dad believed that the words ‘I can’t afford it’ shut down your brain. ‘How can I afford it?’ opens up possibilities, excitement, and dreams.”

“Whenever you find yourself avoiding something you know you should be doing, then the only thing to ask yourself is, ‘What’s in it for me?’ Be a little greedy. It’s the best cure for laziness.”

Richard has found that many people use arrogance to try to hide their own ignorance.

“There is gold everywhere. Most people are not trained to see it.”

“To find million-dollar ‘deals of a lifetime’ requires us to call on our financial genius.”

A reason or a purpose is a combination of ‘wants’ and ‘don’t wants.’”

“Most people simply buy investments rather than first investing in learning about investing.”

Richard believes one of the hardest things about wealth-building is to be true to yourself and to be willing not to go along with the crowd.

“The rich know that savings are only used to create more money, not to pay bills.”

“The sophisticated investor’s first question is: ‘How fast do I get my money back?’”

If Richard could leave one single idea with you, it is that idea. Whenever you feel short or need something, give what you want first, and it will come back in buckets.

In the world of accounting, there are three different types of income:

1. Ordinary earned
2. Portfolio
3. Passive