



# Book Summary



## Rich Dad

## Vs

## Poor Dad

-Robert Kiyosaki



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# About the Author :

- Robert Kiyosaki a multi talented person born on April 8 1947.
- He is an entrepreneur , investor, motivational speaker, author and also a financial knowledge activist.
- He is the founder of Rich Global LLC and the Rich Dad Company



# Book Plot :

Robert Kiyosaki narrates the financial wisdom learnt from the two fathers. Poor dad his own father and Rich dad his friend's father. The entire story focusses on the "**Ideology of Money**".

- Ideology from Poor dad - "**Love for money is the root of evil**"
- Ideology from Rich dad - "**Lack of money is the root of evil**"



# #1 The Rich Don't Work For Money

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Instead of reading the chapter title as “The Rich Don’t **Work** for Money”, read it as “The Rich Don’t Work for **Money.**” By emphasizing the word “Money” this section takes on an entirely different meaning.

- Rich people recognize opportunities in life and grab them while the poor ignore them as they are too busy running after money.
- Poor people work under fear and greed as they are not taught to take risks. But rich people take risk and create their wealth.

# Continues....



Poor Dad Says : "Study hard so you can find a good company to work for"

Rich Dad Says : "Study hard so you can find a good company to buy"

- This is the reason why "The poor and middle class work for money and the rich have money work for them."



## #2 Why Teach Financial Literacy ?

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- The gap which is currently widening between the rich and the poor is the education.
- The Rich Dad emphasize on the importance of financial literacy because, without it, even the rich can lose their fortune. Many people don't understand this and fails to manage their asset and liabilities.

"What makes you truly rich is defined by how much you can retain"

# Continues ....



Want to grow rich? Concentrate your efforts on buying assets that produce income. Keep liabilities and expenses low.



**Do's** - Construct a sound asset base which generates income for purchase of other assets.



**Dont's** - Buying a house at mortgage and consider it to be an asset.

# #3 Mind Your Own Business

- The primary reason Why the majority of poor and middle class are conservative, is because they have no financial foundation. They have to cling to their jobs and play it safe. They can't afford to take risks.

In this chapter, the Rich Dad gives two key message :

- Don't mind your employer's business. That's because it is not yours.
- If you want to be financially free, you should strive for ways to build your own business and become your own boss.



# Continues ...



People confuse their profession with their business. In other words, they spend their entire lives working in somebody else's business and making other people rich.

**"Focus on your asset column rather than income statement"**

Start your business and build your asset through :

- Real Estate



- Mutual Fund



- Stocks



- Bonds



## #4 The Rich Invent Money

Inventing money is to find opportunities or deals. Author says there are two type of investor :

- **Investment packages** : They are bought by people who entrust their money to a fund manager. This is the way that most people invest.
- **Professional investors**: They look after their own investments, research the market to find deals that make sense, then hire professionals to manage the daily oversight.

# Continues...



Professional investors have three things in common:



Identify opportunities  
that other people have  
not found



Raise funds  
for  
investment



Work with  
other intelligent  
people

# How to attain financial IQ ?

## Rich



## Poor



# Mentality of Rich dad & Poor Dad

## Rich Dad

- Rich or poor is something that you learn
- How can I afford this
- Stressed about financial education.
- Taught Kiyosaki to learn to manage risk

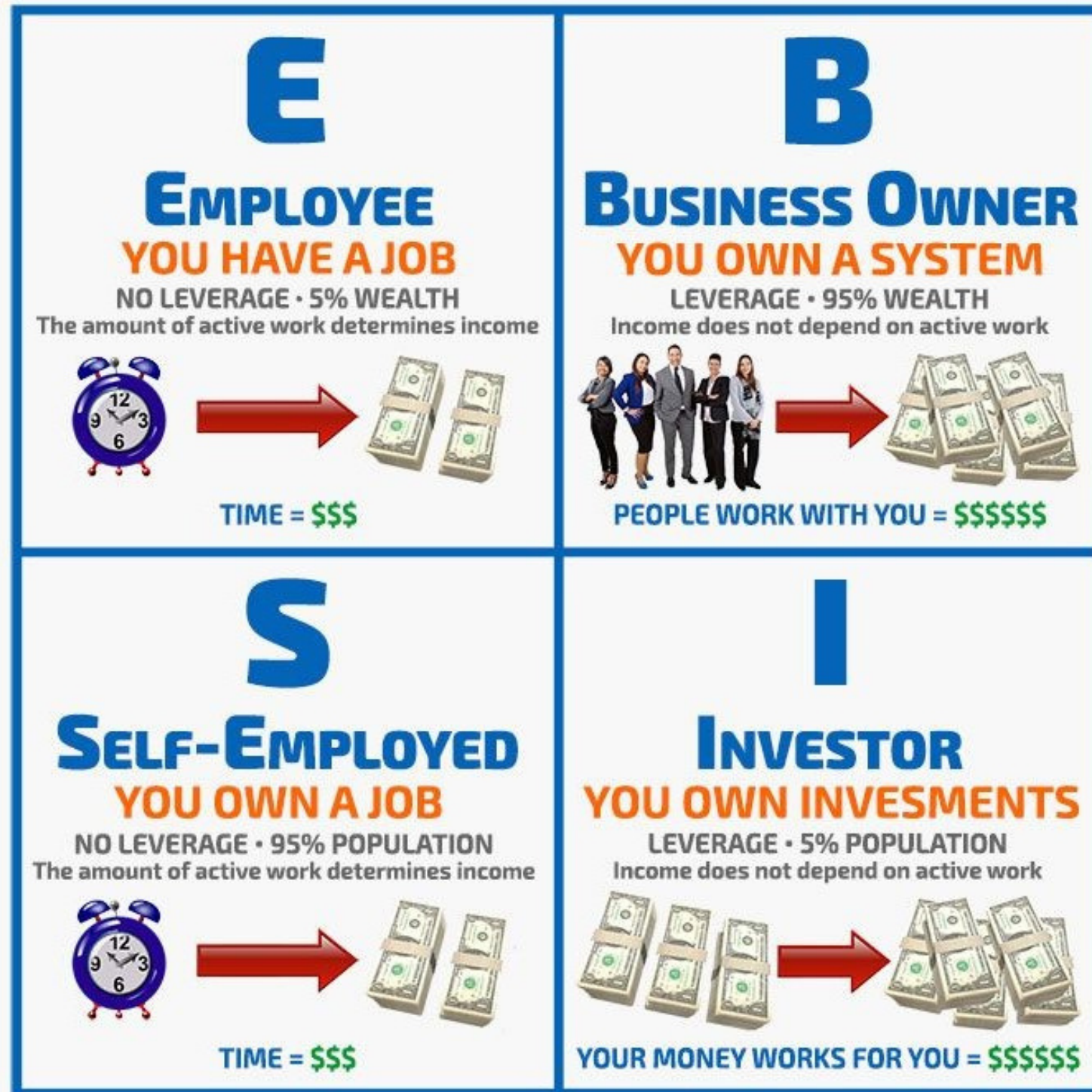
## Poor Dad

- To be rich you have to be born rich.
- It's too bad I can't afford this.
- Stressed scholastic education
- Taught him that risk was something that should be avoided and to play it safe.

# CASHFLOW QUADRANT

## 4 WAYS TO PRODUCE INCOME

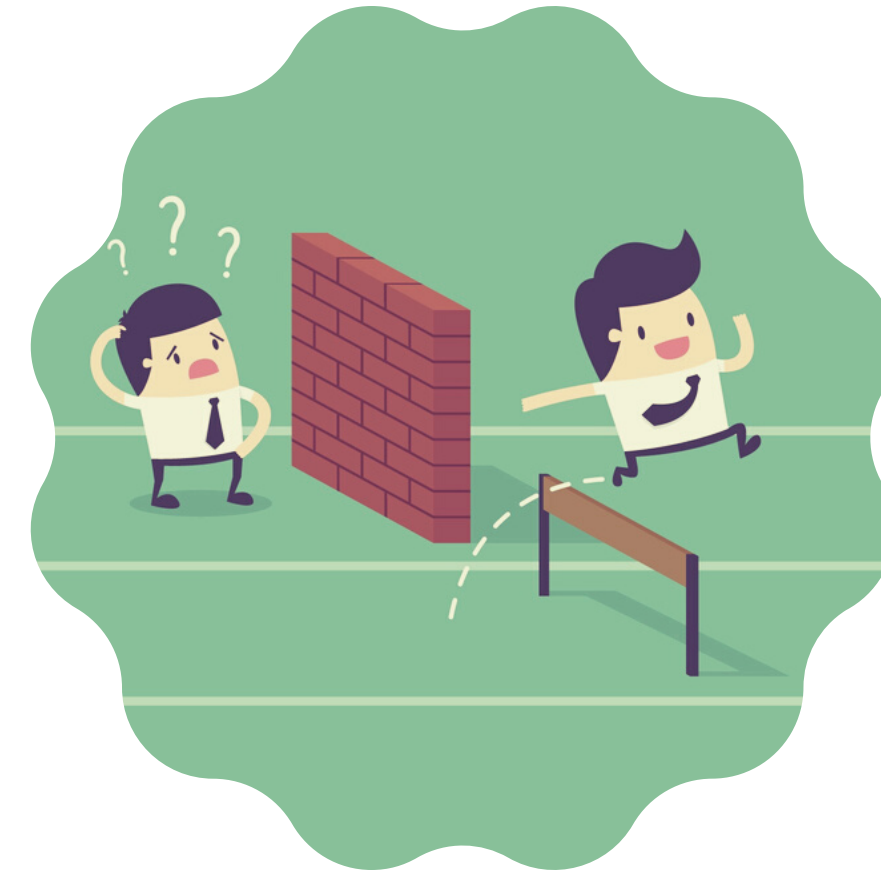
LINEAR INCOME VS. LEVERAGED & RESIDUAL INCOME



"It's more important to grow your **income** than cut your expense. It's more important to grow your **spirit** that cut your dreams"

# Over Coming Obstacles :

- Fear
- Cynicism
- Laziness
- Bad habits
- Arrogance



These obstacles are the reason why people who have studied financial literacy are still unable to develop assets that generate plentiful amounts of cash flow.

**"Failure inspires winners ; Failure defeat losers"**

# Key Takeaways:



- Many people think if they are going to work really hard, then they are able to earn more money. But as the author highlights that we shouldn't be working too hard for money. Look for opportunities and make money work for you.
- The author brings forward a quite controversial opinion, stating that the main problems with poor people are their emotions and attitudes.
- Buy assets that really generate income, rather than liabilities.
- Start shaping a smart portfolio right away, creating your asset base for generating positive net income in excess of your regular expenses.



# Continues:

- To build real wealth, you need to create solid foundations first, which in this case would be your knowledge and skills to be acquired beforehand.
- The rich are thinking about how to increase their list of assets, whereas the others are considering how to increase the amount of their income.
- Finally he concludes by saying that , In reality, the money is not greatest value we have it's our minds that we shape through our LEARNING. If you lose the money earned you can build things from the scratch again, as you have the skills and experience. Hence, **keep investing in yourself first!**



# Inspiring Quotes :

- Rich people invest in assets while middle class acquire liabilities. And they spend their life in a myth that they have an asset. E.g. A house is never an asset as long as you are living in it. Only if you buy a property and rent it out, it is your asset.
- How much money you keep with yourself does not matter at all. What matters is how you are making this money grow.
- The greatest asset we have is our skill set and we should always keep investing in it.
- Earning power comes with knowledge and not your degree.

# Continues :



- Take responsibility of your financial future.
- It is very important to build your own safety rather than living in old age, without any pension and or financial aid.
- Learn financial discipline and curb wasteful or impulsive expenditure.
- Don't be afraid of losing. Being broke is temporary, being poor is eternal.
- Lastly, don't work for money. Let the money work for you.



# Thank You

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# Happy Reading !!

