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 ...

<table>
<thead>
<tr>
<th>Job or Profession</th>
<th>Income</th>
<th>Expense</th>
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<tbody>
<tr>
<td>Young person at home, or a poor person</td>
<td>Pay check</td>
<td>Taxes, food, rent, clothes, fun, car ...</td>
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<thead>
<tr>
<th>Asset</th>
<th>Liability</th>
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<tr>
<th>Job or Profession</th>
<th>Income</th>
<th>Expense</th>
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<tbody>
<tr>
<td>Middle class [battler]</td>
<td>Pay check</td>
<td>Taxes, mortgage, fixed expense, food, car, clothing ...</td>
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<tr>
<th>Asset</th>
<th>Liability</th>
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<tr>
<td></td>
<td>Mortgage, credit cards, ...</td>
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<tr>
<th>Job or Profession</th>
<th>Income</th>
<th>Expense</th>
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<tr>
<td>Wealthy person</td>
<td>Dividends, interest, rental income, royalties ...</td>
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<table>
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<th>Asset</th>
<th>Liability</th>
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<tr>
<td>Stocks, business, bonds, property, IP</td>
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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”’

‘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’
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.

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
About Professional Wealth and these summaries

About Professional Wealth

We are an independent personal wealth advisory business serving clients in Sydney and Melbourne.

Our focus is on individuals in professional service, executives and small business owners.

We strive to set a new level of professionalism, by:

- providing unbiased high quality advice
- being free to recommend a broad range of investment and insurance solutions
- being remunerated only by our clients, refusing all commissions and rebates
- making education an important part of our offer

About our Executive Summaries

We regularly review interesting writing on wealth topics that we think our clients will find useful.

Our summaries are of the authors’ views and not ours, though they often align with our beliefs.

These should not be considered personal advice as your needs and circumstances will vary.

Please contact us or your personal advisor to explore further how you can Make Work Optional™.

If you have received this from a friend and would like to receive future summaries directly, please send us your email address.

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