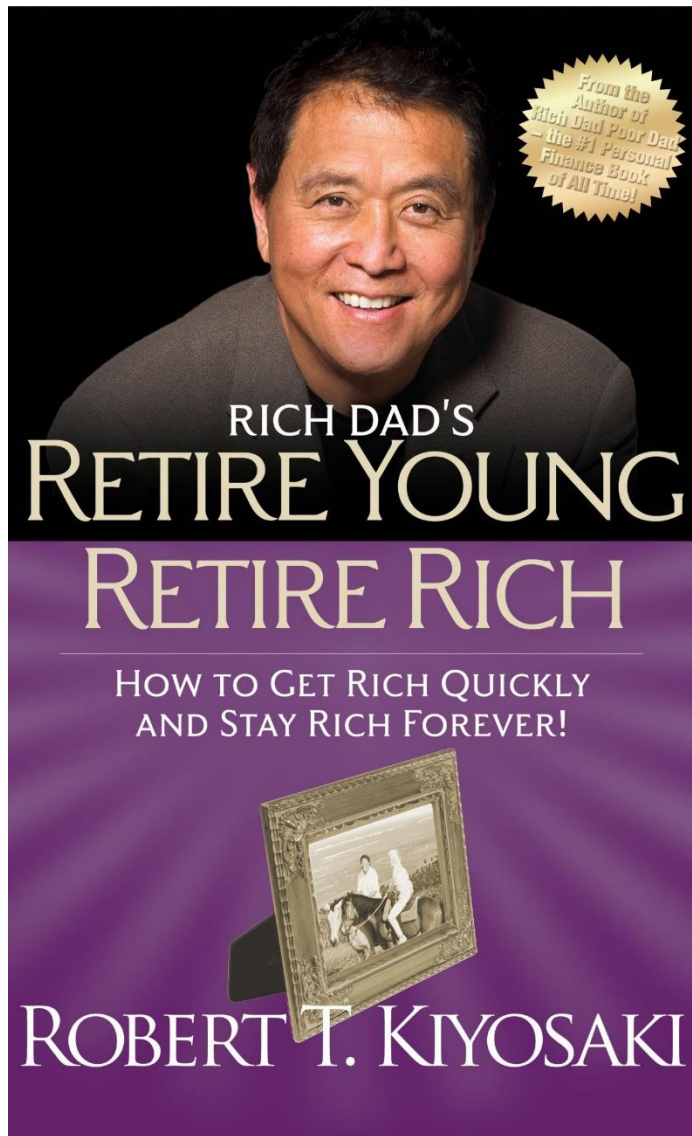


# Robert Kiyosaki: Retire Young Retire Rich Book Summary



Written Summary <http://bestbookbits.com/robert-kiyosaki-retire-young-retire-rich-book-summary/>

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“Cash flow is the most important term in the world of money. The second most important is leverage.”

“Leverage is the reason some people become rich, and others do not.”

“The reason less than 5 percent of all Americans are rich is because only 5 percent know how to use the power of leverage. Many who want to become rich, fail to become rich because they abuse the power. And most people do not become rich because they fear the power of leverage.”

“Your brain can be your most powerful asset, or it can be your most powerful liability. If you use the right words in your brain, you will become very rich. If you use the wrong words, your brain will make you poor.”

Most people take the most powerful leverage in the world, their brain, and use that power to make them poor. That is not the use of that power. It's abuse. Every time you say, 'I can't afford it' or 'I can't do that' or 'Investing is risky' or 'I'll never be rich,' you are using the most powerful form of leverage you have to abuse yourself.”

If you want to be more successful, simply watch how kids learn and copy them. One of the things I had to learn was how to overcome the fear of making mistakes, the fear of failing, and the fear of being embarrassed. Most young kids know how to do that naturally

Getting rich begins with the right mindset, the right words, and the right plan. After you have that, the action steps are easy.

“The biggest challenge you have is to challenge your own self-doubt and your laziness. It is your self-doubt and your laziness that define and limit who you are. If you want to change who you are, you must take on your self-doubt and your laziness. It is your self-doubt and laziness that keep you small. It is your self-doubt and laziness that deny you the life you want.”

There is no one in your way except you and your doubts. It is easy to stay the same. It is easy not to change. Most people choose to stay the same all their lives. If you will take on your self-doubt and your laziness, you will find the door to your freedom

"let's set the goal to be financially free.”

Rich dad's three paths to great wealth, which are:

- Increasing business skills
- Increasing money-management skills
- Increasing investment

Once you find the why, it is easy to find your own how. Instead of looking inside themselves to find their own why for wanting to become rich, most people look for the easy road to wealth. The problem with the easy road is that it usually ends in a dead end.”

“If you find yourself arguing with a good idea, you may want to stop arguing.”

The reason I had decided to do it was because I had found my why. I knew why I was going to do it, even though at that moment I did not know how I was going to do it. Without a strong enough why, even the easiest how to get rich will be too hard. There are many, many ways to get rich, but there are only a few personal reasons why you want to get rich. Find your why, and then you will find your how. As the old saying goes, “Where there is a will, there is a way.” For me, finding my will made finding my way possible. Without the will, the way would have been way too hard

If you want something, be passionate. Passion gives energy to your life. If you want something you do not have, find out why you love what you want and why you hate not having what you want. When you combine those two thoughts, you will find the energy to get off your seat and go get anything you want.

“Money does not make you happy.” That statement has some truth to it. But what money does do is buy me the time to do what I love, and pay other people to do what I hate doing.

A suggestion: Regardless if you can retire early or not, I suggest taking at least an hour each month to reflect on your life. Taking the time to reflect on my life I discovered that:

- What I thought was important was not that important.
- What was important was where I was at, not where I was going.
- There is no one more important than the person in front of you at that moment. Take that moment to be with him or her.
- Time is precious. Don't waste it. Appreciate it.
- Sometimes stopping for a moment is harder than staying busy. For me, the best thing about retiring early was learning to appreciate life, even if it was hectic, stressful, and filled with problems. I found out that I did not know what to do if I had nothing to do.

Today, I truly appreciate the hustle and bustle of life because I know what it is like to sit around doing nothing. So whatever state your life is in at present, take a moment to appreciate it, because tomorrow it will only be a memory.

Why does the government tax your savings but give you a tax break for being in debt?

“The poor and middle class have a hard time getting rich because they try to use their own money to get rich. If you want to get rich, you need to know how to use other people’s money to get rich, not your own.”

No you don’t have to become rock stars to be rich, and no, television, radio, and records are not the only forms of leverage. But if you want to become rich, you have to use some form of leverage. The difference between the rich, the poor, and the middle class is the different forms of leverage each class uses. The rich are richer simply because they use different forms of leverage, and they use more of it.

If you want to be rich, you need to know the differences between good debt and bad debt, good expenses and bad expenses, good income and bad income, and good liabilities and bad liabilities

People who only work hard have limited leverage. If you’re working hard physically and not getting ahead financially, then you are probably someone else’s leverage.” He also said, “If you have money sitting in the bank in your savings account or retirement account, then your money is someone else’s leverage.”

I often hear people say, “He got lucky because he was in the right place at the right time.” I think a more accurate statement is, “He got lucky because he was educated, experienced, ready, and prepared to take advantage of the opportunity when the opportunity presented itself.”

The most expensive advice is often free advice. It is the advice about money, investments, and business that you get from your poor friends and relative

Being rich is not so much what you know, but who you know

Leverage is the ability to do more and more with less and less.

How can I do what I do for more people with less work and for a better price even though he did not have the money at that time. Instead he spent months coming up with a plan on how he could afford it. He worked hard at taking what was outside his reality and making it a part of his reality. It was not money that

made my rich dad richer. It was his ability to expand his reality that ultimately made him richer and richer.

If you want to be successful in life, you need to always be respectful of the odds, regardless of how successful you were in the past. Every professional blackjack player knows that just because they drew an ace and a king their last hand, it does not change the odds for their next hand

Losers are people who think that losing is bad. Losers cannot afford to lose and often avoid losing at all costs. Many losers bet only on sure things such as job security, a steady paycheck, a guaranteed pension, and interest from a bank account. Losers keep losing and winners keep winning simply because winners know that losing is part of winning.”

Reality change does not necessarily mean bigger or better. A change of reality may simply be a shift in point of view. For example, instead of saying something is “too risky,” as many unsophisticated investors say, ask instead, “What is the risk-reward ratio?” or “How many times will I lose before I win?” Instead of saying, “That piece of land is too expensive,” read a book about a person who could afford that piece of land, or ask someone who could afford that piece of land and find out how they could afford it. The important thing is not the land, but the change in your reality.

Opposite Thinking Middle Class Job Security A big house Saving money the rich are greedy. Rich Building businesses Apartment houses Investing money the rich are generous.

No. Learning to build a business is like learning anything else. I think clinging to job security all your life is a lot riskier than taking the risk to learn to build a business. One risk is short-term and one risk lasts a lifetime.

Anytime I want to earn more money, all I have to do is ask myself how I can serve more people.

In rich dad’s mind, the worst kind of income to work hard for was ordinary income. To him, it was the worst income for four main reasons:

1. It is the highest taxed income and it is the income with the fewest controls over how much you pay in taxes and when you pay your taxes.
2. You personally have to work for it and it takes up your valuable time.
3. There is very little leverage in ordinary income. The primary way most people increase their earned income is by working harder.

4. There is often no residual value for your work. In other words, you work, get paid, and then have to work again to be paid again. To rich dad, there was very little leverage in working for ordinary income.

Teaching people to spend their lives working for ordinary income is like teaching someone to be a highly paid slave for life.

If you work for job security, you will earn less and less the more you work. To me, that is too high a price to pay for a little bit of security.”

“It is hard to become rich working for money. If you want to become really rich, learn how to build, buy, or create assets.”

A suggestion: List how much you currently earn a month in the following types of income: 1. Ordinary income \$ \_\_\_\_\_ 2. Passive income \$ \_\_\_\_\_ 3. Portfolio income \$ \_\_\_\_\_

There are fast ideas and slow ideas, just as there are fast trains and slow trains. When it comes to money, most people are on the slow train, looking out the window watching the fast train pass them by. If you want a faster way to become rich, your plan must include fast ideas choose your exit strategy first.

A professional investor always has an exit strategy before they invest.” Having an exit strategy is an investment fundamental. That is why rich dad also said, “Always start at the end before you begin.” In other words, before you get into investing, you need to first know how, when, where, and with how much you want to exit. For example, if someone came to you and said, “What is the first thing you should do before planning a vacation?” one answer should be, “Well, where do you want to go?” Or if someone asked you, “What should I study?” the answer would be, “Well, what do you want to become after you graduate?” The same is true with investing. Before deciding what you should invest in, you should first know where you want to wind up. That is why rich dad repeatedly said, “Knowing your exit strategy is an important investment fundamental Create a plan that works for you.

If you want to retire young and retire rich, knowing your genius and the unique way you learn is an important part of the plan

The mistake adults make when looking at the future is that they see the future from their own eyes. That is why so many adults cannot see the changes that are coming. If you want to see how the world will be in ten years, just watch a fifteen-year-old boy or girl. Observe the world from their eyes and you will see the future.

you need to invest in what is going to happen, rather than what has already happened. In the world of investing, there is a lot of truth to that old saying, "The early bird gets the worm."

If you are frozen in time, stuck in the past, dressing like your mom or dad, unprepared, or lacking the business and investment skills required, you might not even see the opportunity. You will not only miss the window of opportunity, you may take shots at opportunities that are also frozen in time and not going anywhere

It's a good start because, even if he loses money, at minimum he will gain priceless knowledge and experience.

Your future is created by what you do today, not tomorrow.

SIGHT is what you see with your eyes. VISION is what you see with your mind. 'Words are tools for your brain. The reason so many people struggle financially is because they give their brain old, slow, and obsolete tools to use. If you want to be rich, you first need to update your tools.'

A person who works hard for ordinary income has to work at least twice as hard as someone who works hard to earn passive income. Working for ordinary income is like taking two steps forward, and then taking one step back.

working for money in most cases is slow. Finding ways to make money can be much faster if you know what you are doing. So if your plan is to work for money and then try and save money, then you may be swinging your mommy and daddy's very slow and very dull axe.

Slow Words Appreciation Fast Words Depreciation  
Your profit is made when you buy, not when you sell.

Slow Words Avoid risk Fast Words Gain control

Slow Words Mutual funds Fast Words Regulation D, Rule 506

Investing in mutual funds is investing at the end of the food chain.

Slow Words Pay retail Fast Words Buy wholesale

Slow Words Buy shares Fast Words Sell shares

Slow Words Go to school Fast Words Go to seminars

You go to school if you want to be a better employee or better professional person such as a doctor, lawyer, or accountant. If you don't care about degrees, promotions, or job security, then you go to seminars. Seminars are for people who want better financial results than a job promotion or increased job security.

The big difference was that my plan was a rich plan from the start. It was a plan that would allow me to gain a lot of money, but more importantly, to gain the words, education, and experience required for the Fast Track.

So invest some time by first choosing your exit strategy, and then begin to create and design your own plan that will include the education, experience, and the vocabulary required for the Fast Track.”

What is the exit strategy for my life?

- How fast are my words and my ideas?
- What track am I on today?
- What track do I want to be on in the future?
- What kind of income am I working for today?
- What kind of income do I want for my tomorrows?
- What is the long-term price of security?

Some of the more basic, fundamental, and important words to understand are your personal current ratio, quick ratio, liquidity ratio, debt-to-earnings ratio, as well as the difference between assets and liabilities, and the difference between ordinary, portfolio, and passive income

“Most people retire poor simply because they never know what it feels like to have passive or portfolio income actually in their lives. They may know the definition, but they do not have the integrity to make the words a real part of their lives.”

Never make promises you don't plan to keep.”

“People who do not keep their small agreements are people who cannot be trusted. If you cannot be trusted with small agreements, people will not help you make your big dreams come true. If you cannot keep your word, then people fail to trust you and have little confidence in you and your words.”

Your life will change forever once you know the difference between saving money and making money. Your life will change forever once you know why it is better to have depreciation rather than hope and pray for appreciation

Many times in life, you will meet people who are smarter, faster, richer, more powerful, and more gifted than you. Just because they have a headstart on you does not mean you cannot win the race. If you will keep the faith in yourself, do the things that most people do not want to do, and keep making progress on a daily basis, the race of life will be yours.”



The reason most people are not rich is simply because they are not generous enough.”

The trouble with selling your labor is that your labor has no long-term residual value. If you buy a rental property and you profitably rent it out, the labor you used to acquire that rental property can be rewarded over and over again, for years. In other words, you can be paid for years for something that may have taken less than a week of work to do.”

I mention all this as a way of encouraging you to keep going, even though you may encounter some setbacks along your life’s path. If you will learn from each setback rather than blame or make excuses, your wealth of knowledge will increase. If you steadily work to be more and more generous, work to serve more and more people, work to increase your leverage ratios, I am quite certain that you too will experience these sudden bursts, quantum leaps, or exponential jumps in wealth. It seems that even turtles can push along with a sudden gust of tailwind.

The formula for great wealth is found in the game of Monopoly.” Many of us know this formula: Buy four green houses and trade them in for one red hotel. The formula for wealth found in the game of also follows Metcalfe’s Law

If you want to be rich, you must build networks and link your network with other networks. The reason it is easy to become rich through networks is because it is easy to be generous through networks. On the other side, people who act alone or as individuals limit their chances for economic success.”

Networks are people, businesses, or organizations that you are generous with because you support them and they support you. Networks are powerful forms of leverage. If you want to be rich, build a network and network with other networks.

1. Asset (business or other investment)
2. Employees
3. Specialists (accountants, lawyers, consultants)
4. Investors
5. Business owner

Who Gets Paid First and Who Gets Paid the Most”

“A business owner must pay the asset first. That means continually reinvesting enough money and resources in order to keep the asset strong and growing. Too many business owners put themselves in front of the asset, the employees, and everyone else. That is why their business fails. The reason the business owner gets paid last is because he or she starts a business in order to be paid the most.

But in order to get paid the most, the business owner must make sure that the rest of the business is paid first. That is why I am training you to not work for money. You are learning to delay gratification and work to build assets that grow in value. I want you to learn to build assets, not work for money.”

The people who must get paid first ultimately get paid the least. The business owner should pay himself last because he is in business to build an asset. If he is in business for the big paycheck, he should not be in business. He should be looking for a job. If the business owner has done a good job at paying everyone else to build his asset, the asset should be worth far more than he could ever have paid himself.”

true business owner in the B quadrant who focuses on building a business that continually serves more and more people will become richer and richer. They get the big reward simply because he or she builds a system or asset to serve more people. That is why a business owner can become rich exponentially, and people who work for wages become rich incrementally.

It is not your boss’s job to make you rich. Your boss’s job is to pay you for what you do. It is your job to make yourself rich at home and in your spare time.”

Your job is to position yourself and be ready when the opportunity presents itself. It is okay to be five years early, but not one day late.

Today, more than ever before, it is very important to want to look after yourself and your loved ones. But if you want to be rich, you must first think about serving the needs of as many people as you can—first. It’s the law.

If you want a smile, be the first to give a smile. If you want love, be the first to give love. If you want to be understood, then be the one to be understanding.

If you want a punch in the mouth, be the first to give someone else a punch in the mouth

Many people say they are generous with their time because they do not have money.

People who are generous with their time have lots of time because they give their time.

They do not have much money because they do not give money. They do not give money because they are tight and stingy with money, always afraid that there is not enough money. Their fear becomes reality. If you want more money, give money. If you want more time, give time.

One of the reasons poor people are poor is because they treat themselves poorly.” And by that, he did not mean to run out and buy a new dress or new golf clubs. He meant that poor people do not do things that financially enrich themselves. By paying yourself first, you are financially enriching yourself, your soul, and your future.

Many will work hard all their lives living below their means, invest in things they do not understand, work hard for the rich rather than work hard to make themselves rich, and do what everyone else is doing rather than do what the rich are doing

“There are habits that make you rich, and habits that make you poor. Most poor people are poor because they have poor habits. If you want to be rich, all you have to do is train yourself to have rich habits.”

#### Habit #1: Hire a Bookkeeper

My poor dad did not want to look at his financial situation. He kept our financial troubles a personal secret—a secret from himself, his family, and from anyone else. We kids knew our family was in financial trouble, but we did not discuss it. We kept our financial problems a secret. Psychologists will tell you that family secrets become toxic.

Your greatest expense in life is the money you do not make.

Everyone has financial problems. The rich, the poor, businesses, governments, and churches all have money problems. What determines if someone is to be rich or poor is simply how well he or she handles those problems. Poor people are poor simply because they handle their money problems poorly.” That is why rich dad discussed his money problems openly with his financial team. He said, “No one person can know everything. If you want to win the game of money, you want the best and smartest people on your team.”

#### Habit #3: Constantly Expand Your Context and Your Content

Your greatest asset is the information in your head and the age of your information. Too many people are falling behind because the information in their head is ancient history, or they cling to answers that were right yesterday but wrong today. If you want to retire young and retire rich, you will need to keep up with a world of rapidly changing information.

#### Habit #4: Keep Growing Up

Growing up means being willing to be more and more responsible for yourself, your actions, your continuing education, and your maturity. If you want to have a rich and secure financial future, it is imperative to know that markets go up and markets come down and no one is there to protect you. The faster we grow up

and face that reality, the better we can then face the future with greater maturity. In the Information Age, more of us need to grow up and grow away from old Industrial Age ideas of expecting someone else to be responsible for our job security and financial security

#### Habit #5: Be Willing to Fail More

What is stupid is to pretend you are smart. When you pretend to be smart, you are at the height of stupidity.

People who have only one right answer are very often three things. One, they are usually argumentative or defensive. Two, they are often very boring people. And three, they often become obsolete because they fail to notice that their once-right answer is now wrong.

Sometimes what is right for you at the beginning of your life is not the right thing for you at the end of your life. Too many people are unsuccessful simply because they are afraid of changing or are unable to change with the times. The reason they are unable to change is because they are afraid of being wrong. Sometimes to be right, we all need to be wrong. If we want to learn to ride a bicycle, we must go through being wrong for a while. Most people are unsuccessful simply because they want to be right, but they are unwilling to be wrong. It is their fear of failing that causes them to fail. It is their need to be perfect that causes them to be imperfect. It is their fear of looking bad that causes them to ultimately feel badly about themselves

People who avoid failing also avoid success. Failing is an integral part of success.

#### Habit #6: Listen to Yourself

Losers focus a lot on what they don't want in life, rather than be specific with what they do want. That is what they do differently. It's a habit. The same is true with money."

We all feel frightened, uncertain, and doubtful at times. That is part of being human. When I feel that way, the first thing I do is check my thoughts. If I feel bad or afraid, I know I am saying or thinking something to cause myself to feel that way.

"For example, if I am afraid of losing, I say to myself, 'What am I afraid of, what do I want instead, and what do I need to do to get what I want?' If you notice, they are all questions that first open up my reality to new possibilities and realities."

Then I sit quietly until the feeling of fear leaves and the feeling I want comes into my heart, chest, and stomach area. Once I can feel the feeling I want, and I have the thoughts I want, I then take action. I prepare myself first, I get into the right

frame of mind, the emotional feeling I want rather than what I don't want, then I take action."

The summary of this process is:

- Notice thoughts you don't want. Change to thoughts about things you want.
- Notice feelings you don't want. Change to feelings you want.
- Take action, and keep going, correcting if necessary, until you get what you want—rather than what you don't want.

Even with the best thoughts and best feelings, sometimes things just do not go your way. A winner knows when to quit and walk away. A winner must know that losing is part of winning. It is only a loser who stays at the wrong table forever, losing everything, hoping to prove that they are not a loser.

The point of this habit is that I go through the thought-and-feeling process especially when I feel afraid or doubtful of myself. For me, doing that is a better habit than allowing your feelings of doubt and uncertainty to run your life. While the process does not always assure that I win, it is still a good habit that has allowed me to occasionally win when the odds were stacked against me and I wanted to run. Always remember that all winners lose now and then, but that does not mean they have to feel or think like a loser

To leave your money sitting in one place is like watching a pile of dry autumn leaves and waiting for the spark that will turn the leaves into a bonfire

One of the most important things a real investor needs to say is, 'I want my money back. I also want to keep my investment.'" If you can understand this principle of investing, you will understand what the velocity of money means. It means you want your money back as quickly as possible so it can be reinvested to acquire other assets

00:10:3:1 A great strategy for shopping for property is the 100:10:3:1 method. That means you should analyze 100 properties, make offers on ten of them, have three sellers say yes, and then buy one. In other words, it takes shopping and looking at over 100 properties to buy one property

If she had a context that said, "I've taken action, I've made some mistakes, and now I can learn from those mistakes," she would be a much richer person. People who must be perfect, or cannot allow themselves to make mistakes, are often people without much 20/20 vision. They are the people who make the biggest mistake, which is to fail to learn from their mistakes.

One last point. Investing in real estate, or any investment product for that matter, requires more than buying one thing and expecting that one product to make you rich

If you want to be successful in the world of investing, regardless if it is in paper assets, businesses, or real estate, you need to be both an investor and a trader. An investor knows what to analyze and how to manage investments. A trader knows how and when to buy and sell. An investor usually wants cash flow from the asset. The trader wants to realize a capital gain from buying low and selling high

That is the context of a winner. They know they can win even if they lose. Most importantly, they can keep an open mind, even though what they are hearing is beyond their context. In other words, a winner can keep an open mind, even though what they are hearing frightens them or is completely new to them. As rich dad always said, "A loser's mind closes faster than a winner's mind."

There are many people who think positive thoughts, but they think those thoughts inside a loser's context. Having a winning context is knowing you will win, even if you lose

The richest people in the world look for and build networks. Everyone else looks for work.

"To be successful in the B quadrant, you need to know how to communicate with and work with people from all four quadrants. It is the only quadrant that absolutely requires that ability."

An entrepreneur sees an opportunity, puts together a team, and builds a business that profits from the opportunity.

An entrepreneur must be able to pull together smart people from different disciplines and skills and have them work together to achieve a common goal. In other words, an entrepreneur builds teams that take on products that no one individual can do on their own. The reason most people remain small is because they solve problems they can solve themselves.

A B-quadrant person does not get paid unless their team can do what needs to be done as a team. Most employees and self-employed people get paid for what they can do as individuals. Entrepreneurs don't get paid unless their team is successful.

Leadership is not a popularity contest. Leaders inspire others to be leaders

Begin to see yourself in a world or reality where you will never ever need a paycheck or job again.

Residual income, which is income from a business, such as a network-marketing business or a franchise business you own, but someone else runs.

- Dividend income, which can be income from stocks.
  - Interest income, which is income from savings or bonds.
  - Royalty income, which can be income from songs or books you have written, and trademarks and inventions (whether or not patentable) that you have created.
  - Financial instrument income, such as income from trust deeds from real estate.
- We all have good luck and bad luck. Unsuccessful people live lives doing nothing, avoiding bad luck and also avoiding good luck. It's hard to have any kind of luck if you're doing nothing, paralyzed by fear. A successful person is one who takes action and takes the good with the bad, knowing that he or she can turn bad luck into good luck

1. Decide.

. Find a friend or loved one who wants to go on the journey with you.

2. Seek competent advice and begin building your own team of financial and legal advisors

3. Set a retirement date.

. Write down a plan on a piece of paper once you have set the date for your early retirement.

. Plan your early retirement party

. Look at a deal a day.

4. Remember that all markets follow three main trends: up, down, and sideways.

. Always remember that words are free

5. Talk about money.

A bureaucrat only knows how to make money if it is given to him. An entrepreneur can make money out of nothing.

The good news is that you do not have to quit your job to do what needs to be done. You do not have to retire to do what needs to be done. Just look around you, and you will see what needs to be done. All you have to do is do what needs to be done with the gifts you have been given. If you will do that, you will tap into the abundance that has always been here for all of us, not just some of us

leverage is everywhere. Leverage is power. Leverage is found inside of us, all around us, and invented by us. With each new invention—inventions such as the automobile, airplane, telephone, television, and the Internet—a new form of leverage is invented.

With each new form of leverage, new millionaires and billionaires are created because they used the new leverage, not ruined or abused the new leverage. So always remember that the power of leverage can be used, abused, or feared. How you choose to use the power of leverage in your life is up to you and only you.

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