

Transcript



Cash Flow Mastery: How The Rich Get Richer

Raymond Aaron Interviews Robert Kiyosaki

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I am thrilled to interview Robert so that he can share his unique brand of wisdom with you! I've read all his books, played Cashflow® 101 many times (learning something new each time!), and had the honor of sharing the stage with him. His most popular book, Rich Dad Poor Dad, catapulted him to international recognition. He's even made an appearance on Oprah spreading the knowledge of his Rich Dad! Every time I speak with him I get brilliant ideas that I take action on immediately! Investor, entrepreneur and best-selling author, he is indeed the master sage to teach how the rich get richer!

Learn how you can create infinite wealth. Robert shares why real estate is the best investment in the world! I've known this one all along! Take the lessons Robert teaches and shift the way you think about money. By Robert's redefinition of assets and liabilities, you'll learn why the gap is growing between the rich and the middle class. Jump the gap! Learn how to acquire the right assets to provide you cashflow for life!



Robert Kiyosaki

- ✓ **Play** the Cashflow® 101 game and read Rich Dad Poor Dad.
- ✓ **Invest in yourself!** Learn the lessons of the Rich Dad so that no matter what happens, you'll be ready for incredible success.
- ✓ **Make a list of your assets and liabilities.** Write down the insights you've gained and steps you will take to change your current situation.

How to Start and Grow a Successful Business

Raymond Interviews Robert Kiyosaki

Hello this is Raymond and welcome to this exciting issue of the Wealth Creator Source, a series of powerful monthly interviews with world leaders in their field to enhance your ability to understand and profit from the events and changes in the world around us.

Today I'm totally honored to have on the other end of the line the world famous author Robert Kiyosaki. Robert, are you there?

Robert: Yes, I'm here. Thank you.

Raymond: Oh, I'm so honored that you're on the line for us. I'm so looking forward to your delivering your very unique brand of wisdom our Wealth Creator Source subscribers. I've read your books. I've played your game. I've been to your Website. I have shared the stage with you and I am enthralled by your teachings.

First of all, just let me introduce you a bit. You were born in Hawaii to a relatively upscale family with a very distinguished father, the Minister of Education for The State of Hawaii and you grew up to choose quite a different path from your father. You grew up to choose not only an entrepreneurial path but a teacher path, an entrepreneurial teacher path in order to explain your unique brand of wisdom not just to Americans but to Canadians and to the world.

And I do need to confess that when I first heard you speak I sat in the audience a complete skeptic because you initially started your presentation by saying you were going to redefine the basics of accounting and I said to myself come on. I mean, you can redefine lots of things but accounting is like pretty stable. It's been around for thousands of years and you did it and it took me a few months but when I got it I have now been using it as the essence of how I teach. I've kind of combined your wisdom with some of mine in my teachings and I now find them completely inseparable because yours are so basic and so wonderful. It is no wonder that your first book "Rich Dad, Poor Dad" has lived at number one of the New York Time's Best Seller List for about two years now. I mean what an incredible achievement that is.

So, Robert, I hope you're not blushing but these are all the wonderful things I have to say about you and is there something that you would like to say about yourself before we launch into some questions?

Robert: No, first of all that was really interesting and complimentary comment on what I've done. I appreciate it because, as you know, I am a member of

the Old Library Club and now the Wealth Creator Source and I forward to what you have to say and the people you interview every month because it also expands my world. So, it's an honor to have you say what you just said. And I forget that it is a redefining of accounting because there's many accountants who do not agree with my redefinition.

Raymond: Oh, of course not, of course not.

Robert: Well, they're not rich. So, that's their problem.

Raymond: Exactly, exactly.

Robert: There are not too many rich accountants. That's one of the problems.

Raymond: I want to start off by telling a little story. I was recently in Antarctica and because I went as a single they bunked me with another gentleman. A wonderful gentleman whose name is Joseph. He was a hospital administrator in New York for his whole life and he's a single man and lived very frugally. So, he had extra money left over and he wasn't an investor. He didn't know much about that but because he had this extra money his bank just suggested he put it in guaranteed investment certificates. He got maybe only three, four, five percent on his money but he did that, Robert, for 40 years. And when I met him he had just retired. I met him on this luxury cruise liner in Antarctica. It was the most expensive vacation I'd ever taken in my life and I asked him how he could afford it. And he said that because he lived frugally, and because he invested not very wisely but nevertheless invested for 40 years, and he's got a pension and whatever he now has \$4,000 U.S. dollars a month every month for the rest of his life. And he says that's more than enough to live on and he now is going to spend his time just reading, and enjoying, and going on vacations, and seeing friends. He now is looking forward to a magnificent wonderful life.

And when he told me that story I said, yea Robert Kiyosaki because everyone else out there is looking for wealth. They're looking for it to become a millionaire. They want to worth a million dollars. Well, he didn't care what his net worth was. I didn't care what his net worth was. I cared that he has more money coming in each month than he needs for the rest of his life. And what a powerful support of your definition of financial freedom that story was. The reason I've decided to tell the story before you give your definition is because when I heard the definition it was a little hard for me to grasp it but if I give this example first when you give your formal definition I think it'll just click in really powerfully. So, how do you define financial freedom?

Robert: Well, actually it's what the name of your theme is, wealth creator. And it's really the definition of wealth and wealth is not so much how much money you have but it's the number of days you can survive without working again. So, for example, if you had a thousand dollars of expenses and every month, let's say, you had real estate that was throwing off \$1200 dollars a month passive without you working at that point you were wealthy because you passive, or net income, without working was greater than your living expenses.

Raymond: Infinitely wealthy.

Robert: So, the problem is though in America roughly 60 percent of Americans could last no more than 60 days. In other words, if they stop working their standard of living starts to drop because they have no wealth. So, the problem is people are making more and more money but they have less and less wealth.

Raymond: I think it was Buckminster Fuller who came up with that concept of how many months wealthy are you.

Robert: That's correct. That's where I got the definition from.

Raymond: Denominating it not in dollars, which we all immediately think of but denominating it in months that you could live without working.

Robert: Right. It's the measurement of time.

Raymond: Um-hum.

Robert: That's what I say to people. You know, why are you so interested in money? I said because money buys me time. In other words, when my wife and I retired – I retired in 1994 at age 47 and my wife was 37. If we use 65 as the benchmark when you retire it bought be approximately 18 years and money bought my wife 28 years. And so I ask people what is a year's worth of freedom worth to you? Is it worth \$50,000? It is worth \$100,000? How much is it worth to people. But, to me it makes more sense to be wealthy than to get up everyday and go to work to buy, you know, trinkets.

Raymond: Exactly.

Robert: And I have a lot of trinkets. Don't get me wrong.

Raymond: But you bought the trinkets...

Robert: After.

- Raymond:** After and within your ability to be infinitely wealthy.
- Robert:** Right.
- Raymond:** And let me just make sure people understand that they may have got stuck by that very big term infinitely wealthy. If you're worth \$50,000 and it costs you \$5,000 a month to live then you, according to Buckminster Fuller, are ten months wealth. You can live for ten months.
- Robert:** Exactly.
- Raymond:** But, if you have an income of \$3,000 a month and you're expenses are \$3,000 a month you're infinitely wealthy. You can live forever for the rest of your life.
- Robert:** Right.
- Raymond:** It's an awesome definition. I was speaking to a friend of mine who's a doctor. I asked him what retirement meant to him because I'm thinking about that concept for myself. And he said, oh I can't retire. And he's roughly my age. I asked him why. I've got nothing. And I saw him drive away in a magnificent Mercedes Benz. I know he has a magnificent home with lots of art and he spends what he gets. He equates his total income to his total expenses and if they're roughly equal he's okay. But you don't equate total income to total expenses. You equate something else to total expenses each month and that really set me on my ear. Why don't you talk about that?
- Robert:** The difference is, if you read "Rich Dad, Poor Dad" lesson number one is The Rich Don't Work For Money, which goes contrary unto my school teacher administrator dad who always said, go to school, get a job and work hard for money. So, the thing that I did, I followed my rich dad's advice by just acquiring assets and the assets I have or the normal ones. I have businesses. I have stocks, bonds, as well as real estate. So, my assets every month send me enough cash flow so that I never have to work again for the rest of my life.
- Raymond:** So, you have a certain cost of living and your businesses and your real estate give you a certain pass of residual income, which exceeds your cost of living?
- Robert:** Yeah, my cost of living is fairly high. It's about \$30,000 a month U.S.
- Raymond:** Okay.

Robert: So, that meant I had to bust my little butt for a number of years to acquire, or build, assets rather than look for a job. The trouble with jobs, as we all know, that's the most highly taxing income that you can get and then if you buy liabilities, such as a big house and nice car like you're doctor friend did, and take excessively lavish vacations and dinners then you'll always be on the treadmill working for money or what's called earned income. Earned income is you working for money. And the trouble with that in America, and it's even worse in Canada, is its 50 percent money. In other words, 50 percent of everything you earned is taxed. It's gone. So, you don't get ahead that way and that's why, you know, I rail against the school system. I said, you should at least tell people the different types of income: earned, portfolio and passive: portfolio in income from paper assets, such as the stocks, bonds and mutual funds and passive, which is income from real estate.

Raymond: Now, you have a definition of passive. Why don't you tell us that passive residual income? I thought your definition of passive was no more than one day a month to control that asset?

Robert: Yeah, well I don't work at all for my money. I work to build assets. That's why I work for free. I had one guy write in and say if you give me \$100 I'll show you where you have two spelling mistakes. I'm going yeah; didn't you learn anything with that book? I don't write for money. And don't want to get paid to any kind of physical, or manual or mental labor. What I want to do is spend my time acquiring an asset that works for me, i.e. I'd rather have an apartment building than a job. I'd rather have a business than a job. And what I mean by a business is with somebody else running it instead of me. And I'd rather own shares of a company that pay me a dividend once a year rather than me work with them. And it's just an attitude I have. I'd rather have the assets rather than a job and the average person wants a job.

Raymond: I want my clients to understand your amazing attitude and you already let it slip but let's talk right about it. You have listed a home and a car as liabilities and everyone else lists them as assets. What do you mean by that?

Robert: Well, it goes in the definition and it's whose definition you use. Most accountants if you look up in the dictionary a definition of an asset and a liability and if you don't fall asleep there's something wrong because they don't make sense.

So, very simply an asset is something that puts money in your pocket whether you work or not and a liability is something that takes money from your pocket.

Raymond: And that's your definition?

Robert: That was my rich dad's definition.

Raymond: Okay.

Robert: But, no it's not only my definition, if you read a financial statement that is the definition. But, most people cannot read a financial. If you really read a financial, you know a personal financial statement, you'll look down below there and you'll see salary, which is what everybody wants. But, below there is income from real estate, dividends, interest, things like that. That's passive income.

So, it's not just so much my definition but you read a financial and you'll see it is a definition of standardized accounting except that most accountants can't see it that way because they're working for earned income. They can't see it. So, a house can be an asset or a liability. So, if I had a house that I rent at the end of every month, let's say it has \$100 above and beyond my expenses to own that house then it's an asset. But, if the person trashes the house and it goes empty for three months and it costs me money, then it's a liability.

So, a house, a car, a stock or a bond, gold can be assets or liability depending on how well you managed it. If you bought gold in 1980 at \$800 an ounce and then you sell it today at \$200 or \$300 then you're the liability, you know?

Raymond: So, let me get this really clear; if you have a \$100,000 home with a \$60,000 mortgage on it.

Robert: Right.

Raymond: You wouldn't call that a \$40,000 asset.

Robert: No.

Raymond: You would say, what's the positive or negative cash flow?

Robert: Cash flow is the most important word in the world of business.

Raymond: So, if it loses money you completely ignore that supposed \$40,000 equity and say it's a liability because it loses money?

Robert: At that month, yes. Now, people say what happens if I pay off the mortgage? It's still a liability if you have to pay the upkeep and the taxes on it. So, it is purely defined via cash flow and on a cash accounting basis

basically. If you can hold that tight to it then you won't ever deceive yourself by buying a Goochi tie and saying well, this is an asset because it has net worth value. So, you can count your Goochi shoes, and your BMW, and your house to your net worth. And what my rich dad used to say is net worth is worth less because most people overstate it's value. I mean, you know, I have a suit I just paid \$1,000 for. If I take it back a year later will the store give me \$1,000 for it?

Raymond: No.

Robert: No. So, I lost money on the thing. So, I'm the liability or the ass as they say because I mismanaged my money.

Raymond: So, you're saying that unless you rent out part of your own home for so much. Like maybe buy a triplex and live in one of it and rent out the other two in a city or a state or province in which there's the possibility to get enough positive cash flow from the rented out units it would cover everything; unless you can do something like that or unless you buy a big lot and rent out the physical land to the neighboring farmer or something, unless you can do something like that. Unless you can get cash flow from it your own home is a liability. Certainly your car is a liability.

Robert: Yes, if you have no money coming in from it that covers your expenses. And that's the thing, and I'm not recommending it. Like my house every month costs me about \$20,000 U.S. a month. I just don't call it an asset. It's definitely a liability. Now, it's worth \$3.5million but every month it's costing me money and I can't ever forget that. I don't want to deceive or lie to myself. And that's what upsets me is that most of these financial people on Wall Street on the television now they're lying to people. You know, like people today they bought those mutual funds. Those are liabilities today because they paid more. As I speak today the Nasdaq is down about 55 percent.

Raymond: Right.

Robert: And people don't have a clue. They say buy in whole, go long. Invest in the long-term, diversify and all this. Well, that's good for the masses but it's not good advice if you want to get rich. And I really think that if you want to get rich you really do need to improve your financial vocabulary, and the accuracy of your words and the accuracy of the numbers. It's not hard to do. And when people say well, it's hard to get rich. Well, right now my wife just went out the door and the Federal Government of America is giving money away for people who want to buy real estate. I can get 97 percent 6.75 40-year nonrecourse. And the average person can't even get a loan because they've mismanaged our finances so badly. You know, like money management is a basic life skill. It's not taught in

our school systems. What can people do? I say, go talk to your schoolteachers and ask them why don't they teach financial statements in school. Because my fourth book, "Rich Kids Smart Kids" the opening chapter says my bankers never once ask me for my report card. My banker doesn't care if I had straight A's. What the banker wants to know is show me your financial. And people don't know what a financial statement is can barely balance a checkbook, much less read a financial. So, why do we have so many people in financial trouble? It's because our school systems think grades are important rather than money management.

Raymond: Hmm. You're a fascinating man. I'm honored to have shared this stage with you.

Robert: Oh, thank you.

Raymond: And let's go back to your first book now because it's your first book that's living at number one of The New York Times Bestseller List.

Robert: Not only that, I mean 40 different languages in two months alone I sold almost a million copies in Japan without any promotion.

Raymond: My gosh.

Robert: It's going by itself and if you can imagine I make \$2 a book in Japan. I mean the cash flow is awesome. That book is definitely an asset to me, you know? I'm number two in China, and number one in Korea, and number one in South Africa, and number three in England. It's coming out in Spanish, Italian and German. So, this is not just a U.S. phenomenon. The world has always been wondering how do the rich get rich?

Raymond: Yes.

Robert: And the rich get rich because they teach money at home and they teach you simple definitions of assets, liabilities and that's what you have to know. Cash flow versus get a job.

Raymond: Now, just to make sure that our listeners understand. It is not a dry financial treatise.

Robert: I've got a second book called "The Cash Flow Quadrant."

Raymond: Yes, now tell us about that book.

Robert: "The Cash Flow Quadrant" is the four people who make business. E is employee. S stands for self-employed specialist or small businessman. Those are the doctors, shopkeepers, restaurateurs, consultants. They

follow the S category. The B stands for business owner and I stands for investor. The reason it's hard on the E and the S side, the self-employed side, time is money and there's only a limited resource of time per day. We all have 24 hours. But, on the B and the I side where it's system driven then it's infinite. So, with this Internet coming in and franchising and investing like being an entrepreneur like Gates at Microsoft and all that and they call network marketing or multi-level marketing the potential is infinite. So, on the left side, the E and the S side, it's limited. On the B and the I side it's infinite.

The hard part is trying to see a world that's infinite. You know, that's where I mentioned that in Japan I sell 400,000 copies a month in two months and they now account for 55 percent of my Web business; and whether I'm working or not money is pouring through the door and it's infinite. I mean there's six billion people on planet earth and I'm flying to China next month and I fly to Japan next month to open the door even bigger. So, I just go out there and work a little bit but my system draws the money in.

When you think systemically versus physically then it's very easy to go infinite. But, as long as you're physical then it's limited.

Raymond: What percent of people are on the left side, the employee, and the self-employed?

Robert: I'd say 95 percent.

Raymond: 95 and 5 percent are investors. Now, when you say investors that means the only thing they do is invest or own a business?

Robert: Right. Like, if I buy a piece of real estate and let's say I've got \$1,000 a month income from it. Well, the next month I buy another like that and another \$1,000. I don't have to work for that first one I did. Then I would do the second one and the third one; and the management and my accounting firms handle all the rest for me. So, it's a matter of thinking in limit or infinite. And, most people think limited. There's only so many hours in a day. Well, they're limited. They fall into the employee category.

Raymond: How does one of my listeners actually start implementing moving to the right side of being an investor a business owner?

Robert: Well, he can be an entrepreneur like Gates. That's what I do. I started seven companies in the last three years. Four will go public this year. When you go public they just expand on you. The other way is to buy a franchise like McDonald's or Burger King; or join network marketing for

\$500. And the thing about network marketers it's not their product or their comp. plan but their education in changing your reality from an employee or a self-employee to a business owner mentality. Once that happens, you know, I've met guys in network marketing who are billionaires and they're 30 years old but they understand the process. First of all, money is just an idea. These are the basic tenants. I didn't put it into the first book. Money is just an idea. If it's anything you think it is, it will be. If you think you have to work hard for it you will. The reason I don't work for money is because it physically involves me. I don't want to work for it.

Number two is that money can make you rich or poor. So, like the doctor friend you recommended or talked about, money makes him poor. No matter what he does with it he gets poor.

And the third rule of money is that money there are two kinds of money problems. One is not enough and one is too much. I was finishing the proofing last night Michael but that's okay Michael. I enjoyed doing them and learned a lot in listening so thank you. You do an excellent job. You're easy to understand and transcribe so thank you for the opportunity. And I chose to have the problem of too much money. So, today it's a full time job. My only job is to move my money. I keep moving it. I mean its full time. You know my brokers are coming in. My accountants are coming in and all this. And it's a full time job to keep that money working hard for me. So, it's a matter of reality.

The blessing for me is having a poor dad and a rich dad. I saw that my poor dad's reality was that there's not enough money. See, always I can't afford it. Do you think money grows on trees? Do you think I'm made of money? That was a mentality that showed a limit on money. Whereas, my rich dad his problem was too much money. I remember one day sitting with him and he had \$100 million sitting in the bank. He didn't know what to do with it. He said I've got to move it again. He had to reinvest it. So, his problem was too much money. When I saw that it changed my reality. I said which reality do I want? And the reality that I want is too much money. I've already known the not enough money one. That one's terrible. I didn't want that one. So, you change reality; when I say that to people it's not in their reality. Whereas, if you look at it there's people that are making so much money. I mean, like I said, my rich dad by the time he was 50 he was making more in a year than my dad had made all his lifetime.

If you look at it today it John D. Rockefeller 15 years to be come a billionaire. It took Yates 10 and it took Jeff Basils and Michael Dell four to become a billionaire.

Raymond: Oh, gosh.

- Robert:** So, the speed – you know, like the speed of traveling back in Magellan's time it was two years to circumnavigate the world. I think now it's what, an hour or something?
- Raymond:** Yes, if you're on a satellite, yeah.
- Robert:** So, you look at the speed. The problem is people's minds are still in the old ages, in the industrial age. Get a job. Work hard. Save money, 401K, RSP, and mutual funds. Whereas, the world has always been written as more explicitly for an entrepreneur. It always has been. The tax laws are written for the entrepreneur. That's why I can make so much money and pay so little in taxes. That's why my wife, Kim, right now is meeting with the city because they want to give her millions of dollars so she can go and buy more real estate with it because she knows how to manage her money. And those are basic skills. That's why I write in my book my bank has never once asked me for my report card. The banker doesn't care if you had good grades. He does not care one iota. They've never asked me for my college degree. They want to see my financials.
- Raymond:** I graduated as a nuclear physicist and no one's ever asked me to explain the atomic structure to them.
- Robert:** Yeah. It doesn't count in the real world.
- Raymond:** No, it doesn't.
- Robert:** And everyone sits there kowtowing to the so-called intellectuals but the real people that make the economy strong are the entrepreneurs. The people that founded America, as well as Canada, were entrepreneurs.
- Raymond:** Now, you had a big revelation in your youth to guide you to these new understands and that was your best friend's father. What were the other formative influences in your younger life?
- Robert:** Well, number one is to do what you're doing; is to be a mentor. You need mentors not teachers. Most teachers are – I feel for them. I know they're doing a valuable job but my problem in school was I didn't respect most of my teachers. As human beings I didn't respect them. You know, I didn't want to be like them. And so, the thing that a person needs to be true to, as my rich dad said, is find somebody who you respect. I mean it's quite simple. So, today my mentor is 81 years old. He's the same age as my rich dad and I go and I have lunch with him once a month and he sits there and, you know, bats me around a little bit saying try this. Do this. Try that. You know, I sit there at the foot of the master not arguing just keeping my mind open. Not saying that I agree with him all the time but I seek masters.

The reason I like audiotapes is you have a chance, you know, to listen to masters and play them. You can play the rewind button and listen to it again and listen to it again. And that's how you get ahead. If you want to listen to people who have no money, no happiness, no life then that's up to you. But I've met so many people who I would not respect at all and their influencing kids. I think that's horrible, personally. So, the think I say is to thine own self be true. It's seek out a mentor that you want to be like, who's been down the road. You know, that's the most important thing.

Raymond: One of the greatest honors of my life happened about a year ago. My daughter who was then 18 asked me if I could be her mentor. She saw that I was making a lot of money and she wanted to know how.

Robert: Right.

Raymond: And so I started teaching her about real estate, first thing I did.

Robert: Right.

Raymond: And it's now catching on. She's excited about real estate. She's learning about it. She can differentiate now between properties that have a potential and properties that don't, properties that can be triplex, properties that are undervalued. She's getting that sense.

Robert: Right.

Raymond: And it's very interesting. In fact, we are changing a duplex to a triplex now by excavating the floor of the basement.

Robert: Oh, that's great.

Raymond: And renovating it. And she's doing the work, she and her boyfriend. Well, the city came down on us and said that the basement suite's illegal and they weren't going to give us a building permit and they were going to hassle us. And we went to the previous owner who wrote us a letter that says I used it. I rented out the basement and so did the person before me. Well, that gave us permission as legal nonconforming to rent out the basement forever because it was a preexisting condition.

Robert: Right.

Raymond: Well, if we get, say \$600, a month rent from the basement the rule of a hundred, you know how you multiply a monthly rent by \$100 to get a basic idea of what you just increased the value of the property by?

Robert: Right.

Raymond: \$600 x 100 is \$60,000. We improved our net worth by \$60,000 or we improved our residual income by \$600 because it's not going to cost us any more to run the house and we're going to get \$600 more from the basement.

Robert: Not only that you have the phantom cash flow from depreciation.

Raymond: That's right. Oh, because you can depreciate more if there's more income.

Robert: It depreciates more because there's more structure to devalue. You know, that's the thing about reading financials is that I don't need to make money to make money if I know what numbers to look at.

The point you're making here is on the mentorship because I can say this. So many people come up to me and they just say would you be my mentor and I'll move to town and let you teach me. That's really silly because they don't offer anything in exchange.

Raymond: Right.

Robert: Why should I spend my time with you when you don't offer me anything? So, let's say I can say to most people, another lesson my rich dad poor dad said was to be generous. You know, my poor dad thought that the rich were cheap and greedy; and my rich dad said it was the poor and the hard working that were the most greedy of all people because all they thought about was what's in it for them? And you know a lot of things in sales is WIIFM. If you do that you'll be a rich person. So, I think one of the biggest problems people are not rich is they think about how much they're going to make versus how much they can give. And another thing from my rich dad was tithing and being generous was the way to get rich. A lot of people get rich from being cheap but he says the problem at the end of the day by being cheap is you're still cheap. Everyone hates cheap rich people.

Raymond: Right.

Robert: So, the thing you want to look for in a mentor you've really got to go after him and figure out what's in it for him or her? What can I give to them so they would want to teach me? Sharon Lecter, my coauthor's son, is 26 years old. He's working with me now. He works for a very low salary and he's taking one of my companies public. He expects to exit with about a \$25 million U.S. exit strategy before he's 30. He'll be through working by 30. So, he's willing to work with me. You know, he does what I tell him to do just because that's how he's learning. He's been a very good

child or young man, very respectful of the exchange. He gives me something. I give him something. So, I tell him point blank your job is to make me rich and if you make me rich I'll make you rich. But, if you want a paycheck you'll never be my partner.

Raymond: Robert, I call that pact between generations and at the moment now I have four people, four young people that I've taken under my wing. And in every one of those case I started up exactly the way you just said where they give me stuff. They give their hours and their heart, and their legs, and their seat sitting in an airplane flying around. And they work like crazy because they have the youth and want to learn.

Robert: Right.

Raymond: And I have the wisdom and don't want to put in the hours. And so, I get all these hours done for me for free but it's not really for free. It's for free in a sense that I don't pay a salary and don't put my time in. But, every so often, once a week, every few hours, once a month we have meetings and discussions and I set them straight on it and give them little lectures on what could happen in the future so that they keep learning. And sure enough the asset that we're building, in your case it was a company going public. In my case it's real estate. They find the real estate, renovate it, clean it up, refinance it under my guidance and they are a part owner of it and so their net worth is going up far faster than it could ever go up on its own and they're also learning. And I get the joy of passing on what I know.

Robert: Right. You learn more too by teaching.

Raymond: Oh, yes and also what I find is I need to be more committed to my own ideas when I'm teaching them to others.

Robert: Right. Well, the point here is this. Is that be generous and you'll get richer. If you want to find a mentor before you go and ask them would you be my mentor you'd better be pretty clear on what's in it for them by them investing the time to put up with you. So, that's the thing with my rich dad is he read in my third book, "The Rich Dad's Guide to Investing." I went to ask him back in '96, you know, would you teach me how to take companies public and he said how bad do you want to learn. And I said badly. He said, okay this Saturday you're on a plane to Peru. I went, but, but, but, but. He said, I guess you don't want it bad enough. So, I was on that plane to Peru. And now after five years of work we have four, and maybe up to seven, companies going public trading one on of the TSE's, Toronto Stock Exchange.

Raymond: Wow.

- Robert:** This is exciting. But, you know, I paid the price to get there.
- Raymond:** Yes.
- Robert:** A lot of people want to get paid but they don't want to pay the price.
- Raymond:** The metaphor that I use is empty plate. People come to me like they come to you and they say teach me how to get rich and I'll give you 10 percent of it, or 50 percent, or something; or when I buy my first property you'll own half of it. But, they don't give me anything. They just ask for something. And I always say to them, what are you putting on the plate?
- Robert:** Right.
- Raymond:** And they say, no, no you teach me and you help me and then if it works out... And I say no thanks.
- Robert:** That's a very selfish person. I have found more greedy selfish people who are poor than greedy selfish people who are rich. That is my finding because they only think about they want to cover their you know what. How much am I going to get paid? What benefit are you going to give me? How much per hour are you going to pay me? They don't look at the other side of it. If you can make that switch in reality or paradigm then you can make that switch.
- The reason I like network marketing is the only reason you can get rich is by making other people rich first.
- Raymond:** Yes.
- Robert:** I really that.
- Raymond:** Yes.
- Robert:** The same thing is getting rich in real estate. If you just buy a piece of junk and you don't manage it well they're not going to give you their money. I've really found that greedy people are often poor. They're very, very poor.
- Raymond:** When I was 20 years old I started a company and decided to go head-to-head in competition with Coca Cola in the Ontario area and I launched a soft drink. It was an apple flavored soft drink that when you poured it had a head on it so it looked exactly like beer. And it was called Applebrau. Brau meaning the German word for beer and it didn't actually do well. The company lasted about a year and I just couldn't compete with Coke. But, a huge lesson I learned was I put an ad in the paper to hire a truck

driver. And I had about seven guys show up in my foyer a couple mornings later all dressed so shabbily and slouched so badly that I wouldn't even want one of them representing me. And as each one of them came in I said is there a question you would like to ask me first. And they all said, how much am I getting paid? Is there overtime? Do I get time off for this?

Robert: What's the benefit?

Raymond: What's the benefit and at the end of the most frustrating day of my life I said to my partner, if one person had said, I would like to help you build your business. If one of them had said, what would you like from me I will give it to you? I would have jumped across the desk and kissed them. I would have hired them that second. But, nobody showed any interest in me, or helping my company, or putting anything on the plate. They were only asking how much they could take off the plate.

Robert: That's right.

Raymond: And so, I didn't hire any of them. I hired a friend of mine just because I was so upset at the mentality. It was horrible and that's the people that are walking around looking for things they can take and not looking for anything to give and all the wealthy friends I know do a lot of mentoring and a lot of helping other people and have a lot of time.

Robert: Right. I'm not saying that it's only the – I have friends who are really rich who are the greediest people I've ever met. So, there's not an exclusivity on being greedy or things like this. But, the point is that I have found that I make more money if I'm more generous.

Raymond: Yes.

Robert: And the think that I like about the Web. Here's why I'm excited. We're investing about \$5 million to go onto the Web. Here's because we can give more stuff away for free. That's why we're doing it. And the more we give away the more they call back and they want more stuff. They pay for it. They're paying big dollars for it. So, I think it really does come from that old saying. I think I heard it in Canada. A person sitting in front of a pot bellied stove with some logs and saying when you give me heat I'll give you wood. Well, the reality is you have to put the wood in, you know?

Raymond: Oh, Robert that's a good one. That might work its way into one of my presentations.

Robert: Right. And the way I get rich is by thinking – before I used to teach what's in "Rich Dad Poor Dad" and I'd teach it through a few people at a time. But, like I said that's an S, self employed or small business guy. It was taking me forever to deliver the information and they wouldn't hear it. So, once I wrote a book and then I put it in through Time Warner, who's now sold millions of copies, I'm more effective. I'm doing less work and making more money.

Raymond: Yes.

Robert: So, I get \$2.00 to \$5.00 a book times millions. It's not a bad asset. But, the first of intent wasn't how much money I was going to make. It was really how can I give this information away to more people?

Raymond: Yes.

Robert: And the more I do that the more money I make. And I've found out that poor people they don't want to make you rich. They just want to find out how much they can make, as you say.

Raymond: I want to talk about a new topic now and that is the second, maybe it's the third way that I learned from you. The first way I learned was sitting in a talk that famous talk that you gave to well over 500 people in Vancouver a few years ago. We had people hanging from the rafters and I really enjoyed listening to you. I was quite startled and then it encouraged me to read your book, "Rich Dad Poor Dad," which totally startled me again. We've spoken about those two.

The third one that I want to talk about that startled me again. I didn't think you could startle me any more. I thought you'd exhausted yourself. I thought I already delved the depths of the wisdom that you had to offer but I played your game Robert and you build it up pretty high that it teaches you how to get out of the rat race. It gives you the experience of financial freedom. And I said, okay those are good huppy-hype words. I'll buy it and play it anyways. And I played it and Robert it's awesome. I mean you've heard this from people before but I want every one of my subscribers to know your game, "Cash Flow 101" right? Is that what it's called?

Robert: The three games, "Cash Flow For Kids 101 and 202, which is technical trading, technical name. In short it's called Call Options and Put Options Straddles; but 101 is the basic game.

Raymond: The basic game, Cash Flow 101. I played it with several people. I was by far the wealthiest of the four of us and I didn't win. And I had to struggle with everyone else because these concepts were new to me at that time.

Robert: [unintelligible at 1:34].

Raymond: And it was wonderful. I really enjoyed it and if you could just tell us a little bit about the game because I would love for every single person who is listening to this to buy your game and to play it several times.

Robert: Well, the thing that I recommend for the game is number one; you really do want to learn. That's why I made the price so high on it. If you want to learn you'll buy it. If you don't want to learn the price will stop you. Secondly is if you pay that much money you need to play it at least four to five times just to basically understand the ins and outs. Every time you play it you'll find something new. One guy called and said I played it once, what's next? You know, I go geese. And I said did you get the message? What's the message? Well the message is, and this is the third thing is that the game is designed with two tracks. One called the rat race and one's called the fast track. And he said, yeah I got it. Well, which track are you on? He says, what do you mean? And what he doesn't realize that game is real life.

Raymond: Yes.

Robert: Even though it's a game the game is real life and the reality is there is a fast track and there is the rat race of life. The thing I say to people is you can only be in one or the other. You can't be in both. And the rat race is where most people go to school or their parents tell them to be. The fast track is what's called, in my world, which is the book three, "The Rich Dad's Guide to Investing," is the accredited investor. That's the person who has a millionaire plus and they're allowed to invest on the fast track. The reason I make so much money is I don't buy mutual funds, or stocks and things like that because I buy on the fast track. And it's called friends and family. Because a stock goes public all your friends climb on board at \$0.05 to \$0.15 and it goes public at a buck. If you have a million shares you did pretty good. You don't need much of an ROI to do well on that one.

Raymond: Right.

Robert: So, the thing I'm trying to tell people is that 5 percent of the population is on the fast track and 95 percent is in the rat race. And what you're doing you play it, and play it and play it until you can get out of the rat race under an hour on a consistent basis. Then you're ready for the fast track and then next step for you then is to even buy 202 or teach 101. The more you teach the more you will learn because you'll see people's mentality come out and reflect right in the game. You'll see why they're broke or why they're rich right in the game. And the more you teach, which is giving, the more you'll receive in return and then one day this thing will

hit your brain and say, why am I not on the fast track? Why am I struggling here like my mom and dad did, like my grandparents did in the rat race? Why am I here? And if you get that message then your soul changes. You have a chance of making it to the fast track. If you don't have that guttural pain in your stomach then why am I acting like a poor person on the rat race, you know making \$150 a year and struggling. Why am I here? Let me get out of here. And only until there's that fire in the belly will a person move from rat race to fast track.

Raymond: Let me just back track a tiny bit and make sure that my subscribers know this is a game. It's a board game, something like Monopoly in a sense that you move through and try to do certain things and it's dice based. But, the beautiful thing about this as opposed to Monopoly is that in Monopoly you don't learn anything. It's just a fun game and it lasts a few hours and you have a lot of fun. But in this game you start in the rat race. In other words, you start earning some money, and having bills and expenses, and you're a salaried employee or you're a doctor, or a pilot.

And then there's a point at which you actually become financially free. There is an actual point and it's not a random roll of the dice. You have to have earned the right to be financially free. And my gosh the first time it happened to me I went nuts. I was so excited and I learned a big lesson. The first time I chose, I think, pilot, or doctor or something. I figured I'd have a better chance if I had a higher income. And the second time, the time I actually won, I started as a secretary. And the lesson I learned was it's easier to be financially free if you have lower expenses. It's really tough to be financially free when you have high expenses.

Robert: Yep, that's true. The thing about the game is – one of the consultants was Sony's Play Station who played the game and he came over, a really sharp young man. I said where did you go to school? He said, at Radio Shack playing Ping Pong or something like that; the guys a genius and makes millions of dollars with his IPO's. He's only about 30 years old and he says your game is the best genre of games because most games are just entertainment. This one actually changes your reality.

Raymond: Yes.

Robert: And he says that's why he's working with us right now to take my game public onto a worldwide Web so in the next few years a kid in Tanzania can play a child in China, can play a kid in Alberta, can play a child in New York.

Raymond: Uh-huh.

Robert: And what they'll be playing is this worldwide game and the ultimate of the game is, you know, take your company public and become like a Bill Gates because if you want to be like an employee go to school. But, if you want to be like Bill Gates, or Dell or the Branson of Virgin Airways there's another game to be played and that's the game the rich play. So, my niche is strictly how the rich play the game and that's on the fast track. Those are those private places, memorandums, 506 Red ghees (ph), syndications and all that. That's all I invest in. I don't buy stocks or mutual funds. It's a waste of time.

Raymond: But, not everyone is going to be or even needs to be Bill Gates in order to financially free.

Robert: No. But, the thing is, you see, what happens is you're not even talking to those guys because you're not talking the same vocabulary, not the same words, not the same reality. See, my friends get richer and richer because we all, like my friend's bringing his company public through New York Stock Exchange. Well, I get friends and family level before it goes public and that's how the rich get rich. They understand there's two real games. One is for the poor and middle class and one is for the rich. And you make a decision in your life, which game do I want to play? That's the decision I made.

Raymond: You have to earn the right to get there.

Robert: Right. Robert Reich was the former Secretary of Labor under Clinton. He wrote an American Airlines is what made his publication. He says, no longer is job security and a high paying job enough. He says you really do need something because you're not going to get there and he quotes, "There is in America today there's a fast track and a slow track. And he says the people on the fast track are getting so rich. He says the gap is no longer between the middle class and the poor. The gap is between the middle class and the rich." And the thing is you can get rich so quickly today but you must change the reality of your point of view, which starts by never saying I can't afford it or I can't do that. And the problem with most people is the reason "Rich Dad Poor Dad" was important is which parent are you listening to? Are you still listening to your poor parent or do you want to listen to a rich parent? And that's the choice each of every one of us makes.

Raymond: It's amazing that people are not taught this and have no knowledge of it and spend what they earn, or even a little more than they earn. Most people when I introduce your definition, that financial freedom means passive residual income exceeds your cost of living, they laugh. They say passive residual income for me is nothing. Not only is it zero it's not even in their consciousness. They never even thought about creating it.

Robert: It's not even in their vocabulary.

Raymond: No.

Robert: And the big difference I learned, and this is in my fourth book, "Rich Kid Smart Kid". I found out that the English language comprising approximately two million words and each of us has command of about 5,000 of those 2 million. And having two dads I saw that my poor dad had the vocabulary of a schoolteacher, which is tests, jargons, interrogative, algebra, calculus. And my rich dad had 5,000 other words, which were like discounted rates of return, IPO, discounted cash flows, tax credits, stuff like that. So, you become your words. Words are tools for your brain. And if you have a poor person's words you have a poor person's reality. And so the cheapest thing you can do is change your words and that's what the board game Cash Flow was designed to do was teach you, you know, there's three types of income: earned, portfolio and passive. The only way you escape the rat race is to convert earned to portfolio and passive. Portfolio and passive are the incomes of the rich and earned income is the income of the poor and middle class. So, by just knowing which type of income you want can make you richer.

Now people are saying but the stock market is crashing. Well, that's really terrible for people who have earned income because they're afraid of being downsized and losing their job. But for people who want passive income and portfolio income this is the time to get rich. I hope there's a depression pretty soon because that's how I'm going to get even richer because I'm going to be buying even more of that stuff up. And so these people who are afraid of downturns are really what I call they have a loser mentality because they can't see how they can win when everything else is going down.

You know, the best time to win is when everything is losing. You know, the old saying if life gives you lemons, you know, make lemonade out of it.

Raymond: Yes.

Robert: But the average person is so afraid of their job security, of paying the mortgage and covering, you know, the BMW. You know what BMW stands for right?

Raymond: Let's hear it.

Robert: Bitch, whine and moan.

Raymond: Laughter.

Robert: They've got that BMW and they're looking good and they lose their job and they realize they have no wealth at all and they have no future then. So, you know, it really quite simple. It begins with knowing vocabulary and the three different types of income: earned, portfolio and passive. It's exactly as you said, if it's not in your mind then all you have is what you think is important, which is a high-paying job, which is the worse kind of income because that's 50 percent income. Portfolio is 20 percent, or capital gains in America and passive income is zero. I mean I can make tons of money in real estate and sometimes, not all the time, pay nothing in taxes. So, which one do you want to work hard for, earned income?

If you save money guess what and you get interest that's 50 percent money too and in America if you have a 401K and you withdraw that money that's earned income also. It's always 50 percent.

Raymond: Yes.

Robert: Middle class is always working hard for earned income, or 50 percent money. That's why they can't get ahead. They've got a partner called the government.

Raymond: Exactly.

Robert: I mean it's ridiculous and I talk to accountants and attorneys and they can't see it because they're in the same predicament because they work hard for earned income. They don't have the investor mentality, which is they want capital gains or they want passive income, which is zero.

Raymond: Yes.

Robert: When I hear somebody complaining about taxes I know which quadrant that they're in. They're probably E or S's.

Raymond: You know I had an interesting experience. I have a step-daughter Laurie and when she was about ten years old I was trying to teach her about money, and income, and wealth; and think of the abilities that you have that you could offer to other people or think of what you have anyways that you are now not selling but you could sell. You know, I was just talking to her about that and she came to me a few days later and just said something that knocked me over it was so interesting. She was maybe nine or ten years old. She said you know how I get a dollar every time I lose a tooth? Yeah. She said, well I've got quite a few teeth still to come. Why don't you give me six bucks right now and we'll forget about it? She had discounted future cash flow. She had something called teeth going to fall out and she was going to discount it. And I applauded her. I didn't

actually do it. I didn't accept her terms. I just thought the tooth fairy wouldn't be too impressed but I loved the fact that she thought about something and came up with that idea.

Robert: That's right.

Raymond: That's what I loved about your first book, "Rich Dad Poor Dad" that your rich dad employed you and your friend at zero wages in order for you to realize that working for a living wasn't going to be it so you'd better keep your eyes open and you came up with an idea that actually made some money.

Robert: That's right. We were really looking for an asset and not looking for a job because I want my asset to work for me so I don't have to work.

Raymond: Um-hum.

Robert: That was what he was trying to teach me, that working for free and to this day I still work for free. I've had a job for four years in my entire life and I worked for Xerox because I needed to learn how to sell because if you can't sell you can't be an entrepreneur. You know that one because I hear it all the time on your tapes. But, if you can't sell you can't communicate and there's not a prayer for you as an entrepreneur. So, that's why I went to sell for four years for Xerox. The interesting thing is when I left the company back then the cool thing to do was to work with the corporate ladder and the stupid thing to do was to be an entrepreneur. Now, it's reverse. Now, it's cool to be an entrepreneur and the guys who stayed behind at Xerox got downsized. It's really interesting how fast times change.

Raymond: Well, let's employ your own reasoning to this very interview. You're "working for free" because I asked you if you would do this interview and you willingly agreed and this is something that I really want my subscribers to understand. Robert didn't negotiate. He didn't, you know, hem and haw. He said, sure I'd love to, Raymond. Because he knew that giving this away for free would come back to him in some way. It would increase his book sales. Increase his awareness. Increase the attendance at some presentation he gives later, or increase his game sales or something. And so, that's I would phrase it. How would you phrase this hour as far as you're concerned?

Robert: Exactly. You know, what you have is – what I see it as in marketing terms is I have a message. You have the market and I think it's the right message for the right market. If this was the teamsters union they'd hang me.

Raymond: Yes.

Robert: And so the thing that I've really done is I know the more I speak to people who want to hear what I have to say the more it comes back for me. So, I'm very happy to give as much as – in fact if I could give more I would give more away for free because it always comes back. But, you have to be cognizant of who you're speaking to.

Raymond: So, you've spoken about what this hour is for you. Let me just make it really clear what this hour is for me. The reason that I've launched the Wealth Creators Source is so I can give away my wisdom and the wisdom of all the most powerful people that I can get into contract with who will agree to do these interviews with me. My first thought was giving knowledge away, giving value away, giving benefits away, teaching, teaching, teaching and helping everyone who wishes to subscribe and I've priced it at a low price point so that it's available to lots of people. The benefit I get is that I work for one hour a month and have the revenue from the Wealth Creator Source coming in. But, I give first. It's like the pot bellied stove. I put the wood in first and if it catches fire, it catches fire. It's got to be good wood.

Robert: Right. What Raymond is saying here is this is like I'll write a book. I spend a year writing a book but that book if it's a successful and I've done a good job marketing and the PRing of the whole thing that book will pay – that one-year's work will pay me for years. So, there's residual income coming from an asset, in this case a product, called a book.

Raymond: But, you worked for free to write the book and if it was a bad book or it was like bad wood in your pot bellied stove, for example, you would get nothing.

Robert: That's correct. And it's the same thing when I buy a piece of real estate. I work, and work, and work and I find that one piece. I'm not a buyer and seller because I then I'd have to go look for another one. You know, that takes a lot of my times so I have this one property next door to me. It gives me a thousand dollars a month every month. Now, I can sell it. I can do all that stuff and it's worth more money and it goes through all the rhyme and reason but I'd just rather go buy another property rather than sell one, go to zero and buy one to come back to even. Does that make sense to you? Yeah, I just keep acquiring and they sit there and every so often I re-fi the whole thing. I get all my money back out. I still keep my property. I mean I borrow the money back out and then I go buy tons more property and there's more money coming in.

Raymond: Right.

- Robert:** And I'm working less but making more.
- Raymond:** Yes.
- Robert:** But you've got to start one day to stop working. You know, I mean you've got to stop working and start making sense of life. You've got to say I'm going to acquire this one asset. I don't care if it's a one-bedroom apartment and it makes me \$10 a month. That's \$10 more a month that I don't have to do anymore.
- Raymond:** And you can make that \$10 be much more by having your expenses drop by getting rid of, what you call, doodads in your Cash Flow 101 Game.
- Robert:** Yeah, that is true but if I can give you my philosophy because I'm the Doodad king. You know, I have Porsches. I'm buying a \$250,000 Ferrari and all this. I don't care about doodads. I mean I've got tons of them. The difference is I acquire assets first, doodads second. So, my doodads are like the luxuries or the rewards for acquiring the asset.
- Raymond:** Right.
- Robert:** I'm not against doodads. You know, I've never cut up my credit cards. I spend like a wild man; but the difference is my priorities are acquire wealth first, spend second.
- Raymond:** And you spend only up an amount that is below what your passive residual income is.
- Robert:** The thing is, Raymond, right now I make – I can spend as much as I make today. It really is. I can say faithfully to all of you. There's two kinds of problems: not enough and too much. When you get to be too much it gets to be a very big problem because of ways – I mean my brokers are calling me up saying you've got to move that money. I've got to go think again. So, just hear me it comes to a point there is a god of infinite abundance out there, a god of wealth. But you have to play according to that god's rules and that's god's rules say you have to acquire assets first. In other words, you create something of value for somebody else first then you can have anything you want after that. So, today I mean...
- Raymond:** And that's the way it should be.
- Robert:** Yeah. Once you understand capital markets and all that. Right now my wife is just laughing because when I told her when I met her years ago. I said there will come a time in our lives when we'll have too much money. She says I can't believe that. I said just keep holding that. And now she says I can't believe you told me that and now we have so much money. It

just pours in and , Raymond, we have to reinvest it because if we don't reinvest it the government takes it. So, I'm forced to run outside and go buy more real estate not because I need the cash flow. I need to buy it so the government doesn't take it from me. So, the rich get richer because the tax laws are written for the rich. You're the same thing, right? I got to run out. I can't look at a hundred-unit apartment house anymore. I've got to look at 500 now. I need to spend this money. I've got too much of it because if I don't move the money the government is going to take it from me. So, they force me to go out there and get richer.

And I want people to hear that. There's two kinds of worlds, not enough money and too much money. If you play the cards right you'll run into this world where there's so much money that doodads – I mean I can't spend it fast enough. My next-door neighbor last year put \$1.4 billion in his pocket. You should see what he built next door to me and he bought the house next to me and he put up a 15,000 square foot guesthouse. It's got a full regulation basketball court in the basement that the Phoenix Suns could play in there. He comes up to me and he says on interest alone I can't spend it. If you can imagine a world of too much money then that's what the cash flow game is, the rat race and the fast track. Once you get on the fast track your life changes again. It's another world.

Raymond: Now, I want to make sure that we're not talking too far above people and we're actually turning them off. You don't actually have to do that to be financially free. You just have to have your passive residual income greater than your cost of living. If your cost of living is, say, \$4000 a month or \$7000 a month then you need to have passive residual income above that and you are infinitely wealthy for the rest of your life.

Robert: If you do that you're ahead of 98 percent of the population.

Raymond: At least.

Robert: And the thing that happens is that after you learn to do that why would you stop?

Raymond: That's true.

Robert: You're going to be working less and you're going to be making more. So, what Raymond says is accurate. When I give these talks and you turn me off because I can't make a million dollars a month, that's a poor man's mentality. I mean if you can't make – Oprah makes what, \$5 million a month? That's an investment. My friend talked to her. She goes she has so much money. I go yeah.

So, if you don't have it in your reality you'll never have it.

Raymond: Right.

Robert: If it's not in your reality you'll be like those lottery winners or some of those sports stars. You know, they make \$25 million in five years and they're broke the next five years.

Raymond: Well, let's talk about in your awareness because this is something very exciting. In the monthly coaching I do called, The Monthly Mentor, I sometimes ask people to tell me what financial freedom is. And, you know, they throw up their hands and they say love or spend anything I want anytime I want or they say all these kind of airy, fairy, unscientific, immeasurable comments.

And then I use your definition. I say financial freedom is passive residual income exceeds your cost of living. They say, oh. Oh, I see. And now they have a place to go. I insert your consciousness into theirs so they now have a place to go because they had no place to go before to say financial freedom means love, or family or time off. They can't go there. You can't go to time off but you can go to passive residual income exceeds cost of living by calculating your cost of living, noticing you don't have any passive residual income, figuring the passive residual income means less than one day of work per month to manage that asset and then starting to figure it out either through positive cash flow real estate, through dividends of stock, through network marketing, through a business that makes a profit that other people run. At least they have it in their vocabulary now.

Robert: That's correct. Also, you can take it one more step beyond that.

Raymond: Go ahead.

Robert: It means being generous.

Raymond: Yes.

Robert: And that's what I'm saying to most people. They want money but they're not focusing on how can I be more generous? Like, when I provide housing for the person who pays me \$1,000 a month. They're thankful that I provide a house for them. Every month it sits there. That asset works for me. So, I'm being generous to that person. Otherwise if I didn't have that house he or she would have, you know, the price of rent would go through the ceiling.

Raymond: I have a quotation that I like to use and maybe you'll enjoy it. When you give there's more left for you.

Robert: Right. But, you also have to give smartly because when I'm talking to you right now. Hopefully people will buy and all that but my system is already set up. I have a company president. I have my staff there. The Web is set up worldwide and all that. I have spent four years building an asset so I could give more.

Raymond: Yes.

Robert: I didn't spend four years hoping to get paid more. The thing that most people forget is generosity is the key for most people. I have a friend who makes a lot of money. He's a very greedy individual. The problem with him being greedy is that he keeps having to find new friends and new business partners because he takes from you. You know, the bankers will not give him any more money. His business partners quit on him. Does that make sense to you, Raymond?

Raymond: Yes.

Robert: And so he makes money but the expense is so high because he has to go find a new sucker.

Raymond: Right.

Robert: But he's rich; there's no doubt about it but the price is too high for me. I have found it much more elegant and much more beneficial. That's why I love your product because your stuff is brilliant from just especially the entrepreneur side is how you create a small business and turn it into an asset. I mean that is the basic thing. If you want to be secure you'll start a home-based business. It's not the money you make but it's the education experience you gain.

Raymond: And the giving.

Robert: Yeah, like for me I started with buying one little house and now, like I said, my wife as I speak is trying to negotiate to take down hundreds of thousands of new houses. Well, what she's working on is converting slums and ghettos into low-income housing. The government will give you billions of dollars if you know how to do that and she knows how to do that. But, we started ten years ago with one little two-bedroom house.

Raymond: Right.

Robert: So, the difference is it's not the size of the deal but the size of your education as you grow.

- Raymond:** Robert, you've given us lots of information and we've chatted about many different topics. If our listeners wanted to start following your ideas what's the first step you would recommend that they do?
- Robert:** The first thing I'd like to have them do is to get a hold of the cash flow board game and play it five or six times until you master it. Then you may want to go to 202. But, the most important thing is start teaching other people. That's what you're doing, Raymond.
- Raymond:** Tell us how they can get the game.
- Robert:** They can go to my Website, www.richdad.com but a lot of games are out right now. Just go play it, look at for a while. On the site there there's a group that will let you play the game for free and all that if you don't have the money. But, the most important thing is to learn to give. If you teach other people you will learn more by teaching than you will by playing. I have gained more by teaching than any other thing I've ever done and at the same time I go and learn some more. This universe, this world, God's creation, whatever you want to call it, is infinitely abundant. But, if you have a mindset that there's not enough then that's really the first thing that has to change but you don't do it so stupidly as just giving away to give. You've got to be smart about it. I would recommend teaching, Raymond, because anybody listening to you is already a teacher because they like learning. There's a lot of people that would not listen to you because they're not teachers.
- Raymond:** So, the two things you said they could start doing right away is number one play your game. Go to www.richdad.com and either play it for free or buy it. I would recommend buying it because I want to have it with me. I love that game. I keep it right in my bedroom. Play the game and read Robert's book, "Rich Dad Poor Dad." It's available in every bookstore in the world or it's probably available through www.richdad.com as well.
- Robert:** Yeah, www.amazon.com has it.
- Raymond:** www.amazon.com you can get it anywhere. So number one learn his wisdom by reading his book and playing his game. And then teach a combination of his wisdom melded in with your own to other people. That's Robert's formula for getting started in this and I strongly endorse it.
- Robert, I loved meeting with you and visiting with you on this phone call and it is your intention and mine I am sure that your wonderful ideas get passed on.
- Robert:** Well, thank you very much. You are doing a great job. I thank everyone for listening because it's a very wise investment you're making.

Raymond: Thank you, Robert.

Robert: Thank you.

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