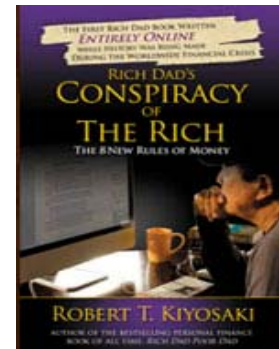


Book notes from Robert Kiyosaki's Best-selling Book *Conspiracy of The Rich: The 8 New Rules of Money*



This is a great book and I finished it in less than a day. I highly recommend it to everyone in North America. Here are some notes from this book along with some of my thoughts.

Robert Kiyosaki gives a wakeup call to millions of people who thought they were doing the right thing by following the conventional wisdom of going to school, getting a job, buying a home, saving money, staying free of debt, and investing in a diversified portfolio of stocks, bonds, and mutual funds. They are in financial trouble because the next 20 years will be totally different from the previous 20 years.

In the big picture of personal finance, tax, debt, inflation and retirement are four financial forces that cause most people to work hard and yet struggle financially. As the government is pumping more money into the market, life will become more expensive due to increases in these four factors.

“It was the best of time, it was the worst of times; it was the age of wisdom, it was the age of foolishness.”
-- Charles Dickens *A Tale of Two Cities*

Are we facing the best of times or worst of times?

The difference between those who find it to be the best of times and those who find it to be the worst of times is simply knowledge and financial IQ. Robert Kiyosaki claims that the greatest failure of our education system is that it does not teach people about how money really works, and what it does teach are the old rules of money. In today's world, you can be an academic genius but still be a financial imbecile. The key to our freedom is knowledge. By educating yourself about money and how it works, you unlock the potential within yourself to break free from the mentality of scarcity and see the abundance all around you. For you, these truly can be the best of times. (page 29-30)

The Conspiracy Against Our Education:

Most people learn nothing about money at school. The rich learn about money at home. We live in a world of information overload. Financial information is coming at us from all directions. Without financial education, a person is less able to process financial information into personal meaning. Information without education is limited in value.(page 45)

New Rule of Money #1: Money is Knowledge

The Conspiracy Against Our Money: The Bank Never Goes Broke

In very simple terms, the central banks of the world can only do two things:

1. Create money out of thin air, just like the rules of Monopoly allow – something they are doing today by the trillions.
2. Lend money they do not have. When you borrow money from a bank, the bank does not need to have that money in the vault. (Page 56)

New Rules of Money #2: Learn How to Use Debt

Bad debt takes money out of your pocket, and good debt puts money into your pocket.

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New Rules of Money #3: Learn to Control Cash Flow

If you want to be financially secure and possibly rich, you will need to know how to control your personal cash flow as well as monitor the global flow of jobs, people, and money.(page 61)

The Conspiracy Against Our Wealth

Throughout history there have been two basic types of depressions:

1. Depression caused by deflation
2. Depressions caused by inflation

The last depression in the US was caused by deflation. Germany's last depression was caused by inflation.

US Depression: One of the reasons the US depression was caused by deflation was because US dollar technically still had real value. It was backed by gold and silver. The government did not print money to solve the problem. Savers were winners in this case because money was scarce and still had tangible value.(Page 72)

Germany Depression: The reason the German depression was caused by inflation was because Germany's money was no longer real money. The German government just kept printing money backed by nothing. Savers were losers because money was worthless and less as more and more of it was pumped into the system. (Page 73)

If there is a depression coming, do you think this one will be like the US depression or the German depression?

New Rules of Money #4: Prepare for Bad Times and You Will Only Know Good Times

New Rules of Money #5: The Need for Speed

Most people are financially struggling today because they are simply too slow-- they can not make money faster than the banks are printing it. When it comes to financial transactions, most people are getting paid by the hour, by the month, or per transaction, working for commission, as is the case with real estate agents or stockbrokers. Those who will succeed in the future will be entrepreneurs who understand how quickly business and money are changing, and how have the ability and flexibility to quickly change and adopt. (page 95)

Though the lens of the past you can better see the future.

The concept of a secure retirement is a dying reality. The stock market will not recover; it will only continue to fall when 75 million baby boomers retire in earnest between 2012 and 2016. The idea of a comfortable retirement is becoming a myth for young and old. (Page 100)

The big difference between the 1987 crash and the 2007 crash is the rise of the Internet.

The Internet is changing everything. Along with a toxic dollar and bankrupt government, the Internet is one of the primary causes of people being left behind, causing unemployment to increase.

Robert Kiyosaki said the Internet is bringing a shift to the world a million times more profound than Columbus discovering America in 1492. Just as explorers like Columbus opened the world to new wealth, the Internet is opening even larger worlds of wealth to today's explorers.

Yet there is significant difference between Columbus and the Internet. People could see the changes that Columbus brought. They could see ships, cargoes of plundered wealth, and drawings of natives and their land.

We cannot see the world of the Internet with our eyes. The world of the Internet is invisible, and we have to see

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it with our minds. And this is why people are being left behind. They cannot see the changes that are remarking their world. In their blindness, they are becoming obsolete. Dr. Buckminster Fuller once said that when change went invisible, the speed of the change would increase exponentially. (page 110 - 111)

The future will be different. The old economy born around 1954 is dying. A new economy is being born, an economy that will be led by kids born after 1990, young people who only know the invisible, high-speed world of the web.

Robert Kiyosaki feels the worst is not yet over for the following reasons:

1. Old industries are dying
2. Taxes will rise.
3. The United States is the biggest debtor nation in the world.
4. China is threatening the reserve status of the US dollar.
5. The US consumer is loaded with debt and strapped for cash.
6. Unemployment is rising.
7. Technology is invisible and relatively inexpensive.
8. Our school systems have not prepared students for the Information Age.
9. Frugality is now cool.

Robert Kiyosaki believes we are entering a long and hard financial winter. The good news is that the spring will come after the winter. Eventually, we will come out of this financial crisis, but unfortunately, millions of people will be permanently left behind.

There is good news for those who are ready to move one into a brave new world: This is the best of times for those willing to study, learn quickly, work hard, and not join the chorus of negative people. Learn from the past to succeed in the future.

Self-Examination questions:

1. Are you being paid by the month, the hour, the minute, or the second?
2. Are you earning money eight hours a day or 24/7?
3. If you stop working, will money continue to come in?
4. Do you have multiple sources of income?
5. If you are an employee, are you working for an employer who is being left behind?
6. Are your friends and family moving forward or being left behind financially?

The 90-10 Rule

If you want to win the game of money, you can not be average. You need to be in the top 10 percent. You need to know how to create cashflow, multiple sources of income.

New Rule of Money #6: Learn the Language of Money

Four basic investment categories:

Robert Kiyosaki lists the following four basic investment categories and says a sophisticated investor invests in all four categories to achieve true diversification.

1. Business -- provides passive income
2. Income-producing investment real estate -- provides passive income every month

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3. Paper assets -- easy to buy and sell
4. Commodities (gold, silver, oil, platinum) -- protect against inflation

If you have only one source of income (e.g. "Job", "self-employed"), no matter how much you earn, you are vulnerable to any financial instability. You need to have more than one source of income. You need to have more than one investment vehicle to build and protect your wealth.

Become a student of the word sell

One big reason why so many people struggle financially is because they have little to sell, don't know how to sell or both. So if you are struggling financially, find something to sell, learn to sell better, or both. (Page 173)

Don't say "I am not good at selling." You have to be good at it ☺

New Rule of Money #7: Life is a Team Sport. Choose Your Team Carefully.

New Rule of Money #8: Since Money is Becoming Worth-less and Less, Learn to Print Your Own

Today, the world is in a crisis of financial ignorance and incompetence. The biggest cash heist in history is taking place. Our wealth is being legally stolen via taxes, debt, inflation, and retirement accounts. Since it is the last of financial education that got us into this crisis, it is financial education that can lead us out.

In this book, Robert Kiyosaki sends out a clear message to the public that the driving force of our future economy is Internet. If you don't know too much about internet and internet marketing, spend some time to study it.

**"Don't wish for less problems, wish for more skills.
Don't wish it were easier, wish you were better." -- Jim Rohn
Invest in your financial education, skills and personal development.**