



# Rich Dad's CASHFLOW Quadrant

Rich Dad's Guide To Financial Freedom

**AUTHOR:** Robert T. Kiyosaki

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# THE BIG IDEA

CASHFLOW Quadrant by Robert T. Kiyosaki

E B S I : Employee, Self-Employed, Business Owner, and Investor.

- Discover how to move from the left side to the B and I Quadrants.
- Work less, earn more, pay less taxes and have more free time to spend with your loved ones!

# Why Don't You Get a Job?

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Yes, you can always get a job. But you can't always find financial freedom.

- You only have so many hours in a day and you can only work so hard. So why work hard for money? Learn to have money and people work hard for you, and you can be free to do the things that are important.
- Money supports life. Don't spend your entire life working so hard for it.

# Different Quadrants...Different People

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“If you want to be a leader of people, you need to be a master of words.”

- You can tell the difference between an employee-type, a self-employed person, a business owner, and an investor, by the kind of words they use.

Employees	Benefits, Security
Self-employed people	“Do it yourself”, Be your own boss.
Business owners	New business plans.
Investors	Do Nothing, Enjoy Life, Money comes in.

- To be an investor you need to understand:
  - Risk is something you can manage, control, minimize, or even eliminate.
  - Portfolio concentration or focusing on a few investments, rather than diversifying, is a better strategy.
  - You have to first mind your own business. A successful investor gets his training from running his own business.
  - Freedom comes at a price. You will learn by making mistakes, sometimes costing you millions.

# Why People Choose Security over Freedom

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- Those who live on the E and S side of the Cashflow Quadrant are motivated by security. Those on the B and I side are motivated by Freedom.
- When you stay on the E and S side, your taxes on income and interest on debt only increase over time.
- The rich take full advantages of tax shelters and tax laws. Most people focus on income, the rich focus their sights on investments.
- Financial freedom happens when you have people working for you (B) and your money is working for you (I).

# How to Be a B

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- Traditional C-type corporations
- Franchises
- Network Marketing

# The 6 Levels of Investors

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- Level 0: Those with nothing to invest.
- Level 1: Those who borrow and consume, shop, and go into deep debt
- Level 2: Savers put away a small amount in low-risk, low-return vehicles.
- Level 3: 3-A's invest in retirement plans, and hand over their money to a financial planner. Level 3-B's are the cynics who are often late in the game and think they know about the stock market when in reality they know very little. 3-C's are gamblers. They do not study investments, and are lazy to really know their trading rules.



# The 6 Levels of Investors

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- Level 4: Long-term investors have clearly laid-out long-term plans.
- Level 5: Sophisticated investors seek aggressive strategies and know how to play the game of investing.
- Level 6: Capitalists category is where we find the Kennedys, Rockefellers, Fords, J. Paul Gettys and Ross Perots.

# You Cannot See Money with Your Eyes

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- Money is an idea.
- How do you train your brain to see money?
  - First, understand the words and numbers in the language of money.
  - Second, recognize what real risk is.

# Becoming Who You Are

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- Be. Do. Have.
- Passion builds businesses; Not fear

# How do I get rich?

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- Play Monopoly.
- Learn to control your emotions.
- Stick to your guns and focus on your dream.

# Seven Steps to Finding Your Financial Fast Track

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1. Mind your own business.
2. Take control of your cash flow.
3. Know the difference between risk and risky.
4. Decide what kind of investor you want to be.
5. Seek mentors and role models.
6. Make disappointment your strength.
7. Believe in yourself and start today!

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