

## Rich Dad/Poor Dad: A No-Nonsense Guide to Wealth

You go to the company's annual awards banquet -- for some a thrill, for others a duty. But this banquet is different. Beside your plate at dinner is a copy of a book, **Rich Dad, Poor Dad**. And in each book is a crisp \$100 bill which you may spend as soon as you finish reading the book. It's enough to make a dedicated reader of you!

But that's not all . You are told that the first employee of the company to finish the book, write down the three most important points in the book that apply to the company, deliver the assignment to the office and have the earliest date stamp on it will win \$5,000. Would that get your attention? That's exactly what Rosie Romero, president of **Legacy Custom Builders**, Scottsdale, AZ, served up at his annual bash. Several of his staff left the dinner early, stayed up all night reading and raced to the office the next morning (a Sunday) in hopes of being first. And there was a winner! Knowing Rosie, when I heard he'd made this wild offer, I was intrigued to explore this book myself. And as I expected, it was well worth the time and effort.

One of the book's authors, Robert Kiyosaki had a highly educated real father who earned every penny he made as a professor and spent even more. But Kiyosaki was mentored by a friend's dad, an entrepreneur (eventually very wealthy) who believed in saving money and putting it to work earning more money. Because these two "dads" had and taught such different philosophies about money, they inspired Kiyosaki to write a book about "what the rich teach their kids about money that the poor and middle class do not!" It's a simple, entertaining book organized into six key lessons. I can't say it contains anything revolutionary, but it makes some very important principles starkly clear and easy to follow. Kiyosaki, and his fellow author Sharon Lechter, make some hard-hitting distinctions:

1. The poor and the middle class work for their money. The rich let their money work for them. Kiyosaki stresses that of the three sources of money -- earnings from employment, passive income (for instance interest) and portfolio income (for instance real estate) -- the latter two are what you should aspire to. If you start with no money your goal should be to save earnings to build passive and portfolio income. The authors decry our educational system which at best prepares kids to work and earn all their lives and does little to show them how to save, buy true assets and enjoy the returns.

2. Rich people acquire assets. The poor and middle class acquire liabilities (cars, homes, boats) which they think are assets. An asset is something that puts money in your pocket and a liability is something that takes money from your pocket. Those consumer "toys" are liabilities. Kiyosaki and Lechter define real assets as businesses that don't require your presence (run by others), stocks, bonds, mutual funds, income generating real estate, notes, royalties and anything else that has value, produces income or appreciates and has a ready market.

3. The authors use Buckminster Fuller's definition of wealth as a person's ability to survive so many days on the money on hand. If you stopped working today, how long would you survive? Wealth is not net worth since that worth often includes those "liabilities" like cars, boats, homes, or jewelry. The ultimate wealth is enough money to enable you to work for money or not work at all.

4. The book puts a strong emphasis on each person's "business." You may be a remodeler or a doctor, or a lawyer and that is your profession, your job. How your

personal assets stack up is your business and is totally unrelated. So each of us must save money, take some risk, find untapped opportunity and build income that doesn't come from the sweat of our own brow.

Needless to say the book contains many more thoughts and ideas and practicalities. So if you typically invest everything you earn back into the business at the end of the year, better buy this book. If you've put off building any true assets, borrow it from the library until you can afford your own copy. If you think your business is your retirement and you won't need anything else, buy copies for everyone in your family and get reading and discussing.

**Article Courtesy of Remodelers Advantage Inc™.**  
Providing Business Solutions Since 1982  
Exclusively for Owners of Remodeling Companies  
Founded by industry experts Linda Case and Victoria Downing