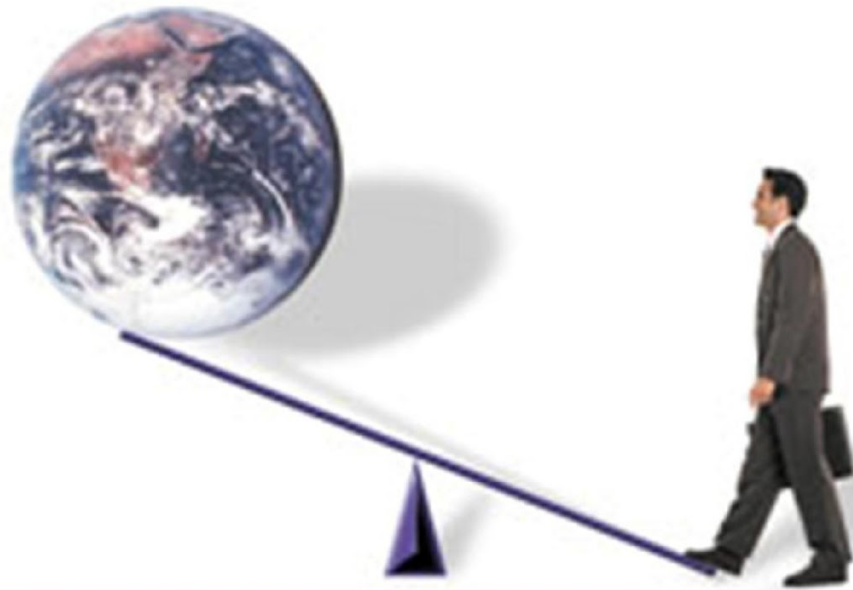


HOW YOU CAN USE THE POWER OF LEVERAGE TO OBTAIN PERSONAL FINANCIAL SUCCESS



Presented By



Bob Ritchey
Founder



WIN THE GAME OF MONEY INSTITUTE

DEDICATED TO YOUR PERSONAL SUCCESS AND WEALTH CREATION

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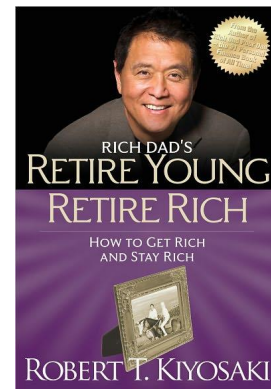
How You Can Use the Power of Leverage To Obtain Personal Financial Success



By Bob Ritchey

Founder, The Win the Game of Money Institute

Also featuring quotes from the book
“Retire Young – Retire Rich”
by Robert Kiyosaki



*“Give me a lever long enough and a fulcrum on which to place it,
and I shall move the world.” -*

Archimedes
c. 287 BC – c. 212 BC
Greek Mathematician, Physicist, Engineer,
Inventor, and Astronomer

TABLE OF CONTENTS

INTRODUCTION 3 THE THREE TYPES OF EDUCATION 4 WHAT IS YOUR EXIT STRATEGY FROM YOUR JOB OR PROFESSION? 4 THE DIFFERENCE BETWEEN THE POOR, THE MIDDLE CLASS AND THE RICH 7 THE CASHFLOW QUADRANT 10 THE THREE TYPES OF INCOME 11 GOOD INCOME AND BAD INCOME 12 YOUR LEVERAGE RATIO 13 THE LAW OF GENEROSITY 14 YOUR FINANCIAL REPORT CARD 15 YOUR WEALTH RATIO 15 YOUR FINANCIAL BATHTUB 16 THE LEVERAGE OF MONEY (OPM) 17 GOOD DEBT VS. BAD DEBT 17 GOOD LEVERAGE VS. NOT SO GOOD LEVERAGE 18 WHAT IS AN ENTREPRENEUR? 20 THE LEVERAGE OF TIME (OPT) 21 TAX ADVANTAGES OF OWNING ASSETS 22 THE LEVERAGE OF YOUR MIND 22 THE LEVERAGE OF HABITS 23 HOW FAST IS YOUR PLAN? 24 HOW DO YOU SEE THE FUTURE? 24 THE MOST DESTRUCTIVE OF ALL WORDS 25 SUMMARY 25 SPECIAL INVITATION FOR YOU... 26

Robert Kiyosaki's Thoughts:

“Cash flow is the most important word in the world of money. The second most important word is leverage. Leverage is the reason some people become rich and others do not become rich. The reason less than 5 percent of all Americans are rich is because only 5 percent know how to use the power of leverage.

“People without leverage work for those with leverage.”

INTRODUCTION

“How many of you plan on retiring early? How many of you would like to retire in your forties and be financially free for the rest of your life?”

Planning to work hard all your life is a poor plan!

Robert Kiyosaki's Thoughts:

"Most people have a plan to be poor. That is why so many people say, "When I retire, my income will go down." In other words, they are saying, "I plan on working hard all my life and then I will become poorer after I retire."

"Ninety percent of the population of the United States has very little control over their financial future. The more a person seeks security, the more that person gives up control over their life."

If you want to be rich, you must learn to harness the power of leverage. Even if you are just one of the little guys in the world, you can beat the big guys if you understand the power 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.

Financial leverage is the advantage the rich have over the poor and the middle class. Financial leverage is one way the rich get richer quicker.

If you want to retire early and retire rich, it is very important to understand the principle of **leverage**. The word leverage simply means the ability to do more with less.

If you want to become rich, you need to work less, and earn more. In order to do that, you must employ some form of leverage.

People who only work hard have limited leverage. If you're working hard physically and not getting ahead financially, then you're probably someone else's leverage.

If you have money sitting in the bank in your savings account, then others are using your money as their leverage. People with leverage have dominance over people with less leverage.

Leverage is power. Poor people use fewer leveraged tools than rich people.

If you want to be rich and keep up with the rich, you need to understand the power of leverage.

This report is written to assist you in finding your own financial freedom...freedom from the drudgery of earning a living.



THE THREE TYPES OF EDUCATION

One of the main reasons the middle class and the poor work harder, work years longer, struggle to pay off debt and pay more in taxes is because they lack a very important form of leverage: the leverage of financial education.

If you had a choice of education, would you choose to go to school to learn how *to work hard for money*, or would you rather go to school *to learn how to have money work hard for you*?

There are three different kinds of education. They are:

1. **Academic or scholastic education** – A, B, C and 1, 2, 3
2. **Professional education** – the learning of a skill or profession
3. **Financial education** – learning about assets, businesses and investments

“Financial IQ is more important than academic IQ.”

“If you stop learning, your money will soon go to someone who has continued to keep learning. Your money will go to the person who realizes that true leverage is the ability to constantly do more and more with less and less.

“My rich dad went to seminars. He said, “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.”

“For me, I would rather spend \$5,000 and three days to learn how to make millions and possible billions rather than spend four years and \$85,000 to learn how to work for \$55,000 or a little more a year for the rest of my life. On top of that, that \$55,000 is earned income.

“Over the years, it seemed strange to me that people would invest their hard-earned money, but not invest much time in learning how to invest. After all my years with rich dad, I could never understand why so many people would rather work hard all their lives than learn to have their money work hard for them.

WHAT IS YOUR EXIT STRATEGY FROM YOUR JOB OR PROFESSION?

Why do you need a Paycheck?

“People who need a paycheck are slaves to money.”

“Pay some attention to the idea of your own personal exit strategy.”

WHAT KIND OF LIFE DO YOU WANT TO LIVE?

A Comparison of Realities

1. Would you rather live a life where you no longer need a paycheck or would you rather live a life where you're always working at or looking for a higher paying job? Would you rather be unemployable or more employable? Which life are you leading today?
2. Would you rather live a life where you do not have to work hard to earn more or would you rather live a life where you have to work harder to earn more? Which life are you living?
3. Do you think investing is risky? Do you think it takes money to make money? Would you like to be able to invest without any money and without much risk for very high returns? If you could invest with someone else's money would you?
4. Would you rather live a life where you work to become rich by building or buying assets, or would you rather live a life working for job security and a steady paycheck? Which life are you living?

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 to do what needs to be done with the gifts you have been given

The Problem with Social Security

The problem with Social Security is that it only works for people who want to be poor. If after you retire and you find that Social Security is not enough for you to live on, and you go to work for earned income, the government will begin reducing your Social Security payments.

In other words, the only way to receive a full payment is to choose to be poor, in most cases.

The Lottery as an Exit Strategy

Unfortunately the retirement program for a large portion of the population is "THE LOTTERY!" As I write this report, it was announced that there were two winners of a Mega Millions Jackpot worth 636 million dollars. What can we learn?

First of all, individuals spent more than \$636,000,000 purchasing lottery tickets.

Next, the odds of winning were not too good.

Third, the two winners will be hounded by relatives, friends, investment counselors, and charities for a long time.

And, lastly, a large majority of the winning shares will be given to the U.S. government in the form of income taxes.

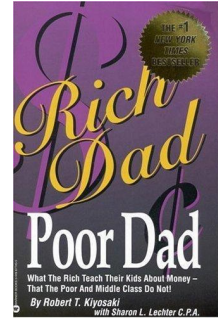


In reality, the lottery is a voluntary tax paid mostly by poor and middle class individuals who are not very good in mathematics.

THE DIFFERENCE BETWEEN THE POOR, THE MIDDLE CLASS AND THE RICH

RICH DAD, POOR DAD

What the Rich Teach Their Kids About Money
That the Poor and Middle Class Do Not!



What is the difference between the poor, the middle class & the rich?

First, let's be reminded of some important definitions that Robert Kiyosaki made popular through his teachings.

Income	Money you make
Expenses	Money you spend

Assets	Liabilities	Doodads
What pays you - <i>Puts money in your wallet</i>	What costs you - <i>Takes money from your wallet</i>	Stuff you buy with cash that just sits there

THE POOR

The **poor** earn income, pay expenses, and have nothing left over. They are just trying to survive.

THE MIDDLE CLASS

The **middle class** earn income, pay expenses, and have discretionary or disposable income. They live paycheck to paycheck. When they receive a paycheck, they do what they have been programmed to do since they were children, consume. They purchase liabilities and doodads. The middle class are swamped with letters in the mail telling them they are prequalified to obtain a special card that they can instantly borrow money on, a credit card. This means they don't have to practice delayed gratification, they

can have their cake and eat it too. The average family in the United States has over \$8,000 in credit card debt.

Next, the middle class get other letters in the mail that tell them that they can borrow against their home, even if they don't have equity, so they consolidate their credit card debt and pay it off. Which of course means, they can start over with borrowing on their credit cards. Most people are living lifestyles based on income they haven't earned yet. Every day when the middle class go to work, they are not just working for their employer, they are working for the banks and credit card companies they owe money to. The result is the middle class gets buried in the rat race, usually for the rest of their life.

THE RICH

The **rich** earn income, pay expenses, and also have discretionary or disposable income. But they come over to the "asset box" and start acquiring assets. As I have mentioned, there are two types of assets, cash flow assets and capital gains or net worth assets. A large majority of the rich focus on cash flow assets and slowly but surely increase the amount of income they earn from these assets. Eventually, the cash flow from their assets becomes greater than their expenses. **They have now won the Game of Money.**

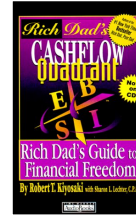
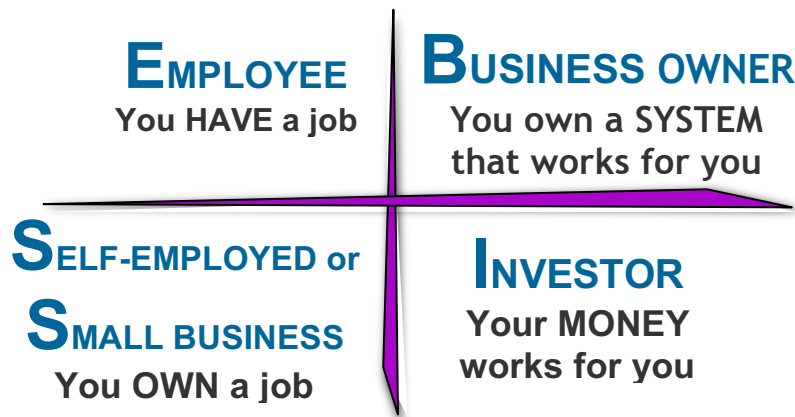
"It doesn't matter how much money you earn in the 'income box.' Financial Independence is earned in the 'asset box!'"

Bob Ritchey



Assets
Cash Flow
Net Worth
Businesses
Real Estate
Stocks
Mutual Funds
Precious Metals

THE CASHFLOW QUADRANT



Robert T.
Kiyosaki



In Kiyosaki's book "Cashflow Quadrant" he describes the four different quadrants people can earn money in:

1. The E quadrant, the employee quadrant,
2. The S quadrant, the self-employed or small business quadrant,
3. The B quadrant, the business quadrant, and
4. The I quadrant, the investment quadrant.

Almost all of the population of the United States works in the E or S quadrants.

There is no security and no financial success working in the E or S quadrants. What a person who wants to win the Game of Money must do is to learn about the B and I quadrants and then focus time and energy working in those quadrants.

The B and the I quadrants are where the rich use the power of leverage.

Kiyosaki defines a business as a system that creates income without the owner having to spend his time running the business. It does take time and effort to build a business. But once it's built, it must create income without you being there. If you think you own a business, but you have to be there to run it, you are really self-employed.

Kiyosaki also states that most people who think they are investors are really not investors, they are savers. They never learn how to create a high yield on their money and therefore they are not overcoming the negative effects that taxes and inflation has on their investment portfolio.

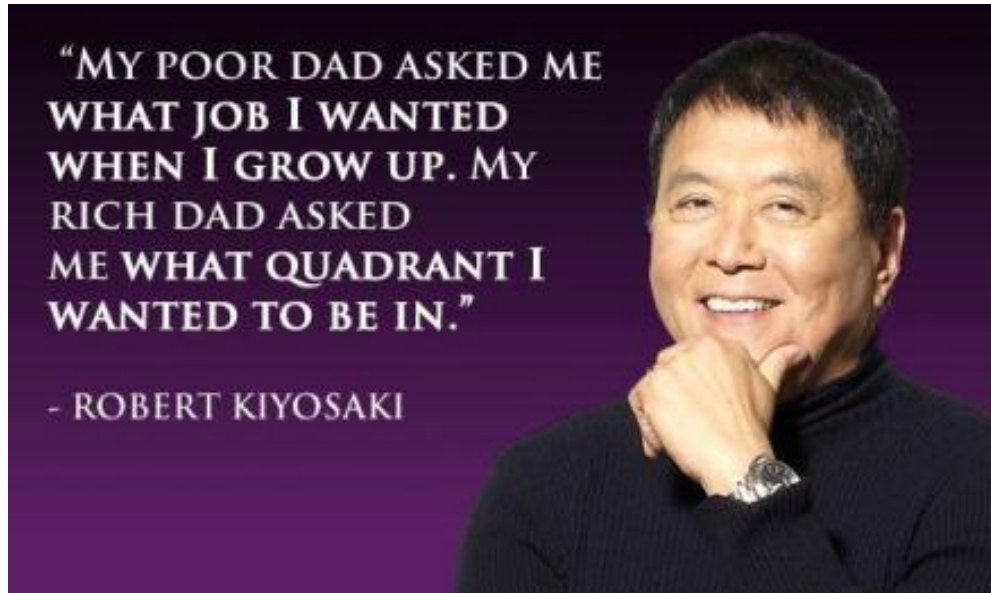
Plan to escape from the E and S quadrants.

The truly rich get rich at home and in their spare time. It is not your boss's job to make you rich. That is your job.

Ask yourself:

1. What kind of income am I working for today and is it the kind of income I want for my tomorrows?
2. What is the long-term price of security?

Are you willing to change quadrants? Some people are but most are not. Why? The answer is found in the word "change." It takes a brave heart!



THE THREE TYPES OF INCOME

There are three different types of income:

- 1) **Earned Income:** Earned income is you working for money. It is the income that comes in the form of a paycheck. It is also the type of income you ask for more of when you ask for a raise, bonus, overtime, commissions, and tips. W-2 and 1099 income.
- 2) **Portfolio Income:** Portfolio income is generally income from paper assets such as stocks, bonds, and mutual funds. A vast majority of all retirement accounts are counting on portfolio income in the future.
- 3) **Passive Income:** Passive income is generally income from real estate or businesses. It can also be royalty income from patents or for use of your intellectual property such as songs, books, or other objects of intellectual value.

**Passive and portfolio incomes are *residual* income.
Residual income is income you earn while you sleep.**

GOOD INCOME AND BAD INCOME

There is good income and bad income, and most people do not become rich because they work for bad income. When you ask for a raise, you ask for an increase in bad income. *If you want to retire young and retire rich, you need to work hard for the right kind of income.*

Why Rich Dad Did Not Like Earned Income

In rich dad's mind, the worst kind of income to work hard for was earned income. To him it was the worst 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 earned 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. Again, to the rich there is very little leverage in working for earned income.

Robert Kiyosaki's Thoughts:

"Most people I knew dreamed of high-paying jobs with lots of earned income. Teaching people to spend their lives working for earned income is like teaching someone to be a high-paid slave for life."

Earned income is the income that you work the hardest for and you are allowed to keep the least of.

If you want to get rich, don't ask for a raise. Instead of asking for a raise, begin to ask how you can serve more people. In fact, if you are serious about becoming rich, you don't really want a raise. If you get a raise you are working for the wrong kind of money.

The trouble with working for earned income is that you have to keep working hard for it. Eventually a person working for portfolio and passive income will pass the earning potential of earned income because you can work less, earn more, and pay less and less in taxes.

The moment you make passive income and portfolio income a part of your life, your life will change.

If you want to retire, you will need passive and portfolio income, in most cases. The sooner you learn to acquire passive and portfolio income, the sooner you are on your way to retiring young and retiring rich. Not only will you be able to retire earlier; you may also feel more financially secure. You need to think about how to become less employable, not more employable. The difference is found in mental realities.

YOUR LEVERAGE RATIO

Why It's Hard to Get Rich

For the most part, the E and S quadrants are both 1:1 ratio, with few exceptions.

A dentist can only drill in one mouth at a time and a lawyer or accountant only has so many billable hours in a day. A vast majority of high-income professional people from the S quadrant get stuck at an income cap of \$100,000 to \$150,000. The ones that make more do so because they are highly specialized and charge a lot more per hour or by the project. This group caps out at around \$500,000 per year. Very few make much more than that. Again the problem is the 1:1 leverage ratio.

What is your leverage ratio?

Robert Kiyosaki's Thoughts:

"The way to win your own race is to win the race using the ratios of leverage. Today my income is greater than many of my peers who got the high-paying jobs early in life. My income is higher because I used the leverage of assets rather than the leverage of my labor."

"The earnings potential on the E and S quadrants are limited. The earnings potential on the right side is infinite."

"Rich dad explained further, saying, "The trouble with selling your labor for money is that there is only so much you can do. If you learn to acquire or build assets to generate money, you can slowly but surely increase your income. In fact, the right side of the quadrant is a great side for turtles, turtles who slowly but surely acquire more and more assets."

"The trouble with selling your labor is that your labor has no long-term residual value. On top of that, if you are working for money, then your earning potential is limited. If you work slowly acquiring assets your income potential is infinite and that income can be passed on for generations to come. Your job or profession is not something you can pass on in your will to your children."

Life Gets Easier

"Rich dad pointed out that working for money by selling your labor often means that life gets harder simply because you have to work harder to make more money. He said, "If your leverage ratio for life remains at 1:1, then your life will get harder. If you work for an ever-increasing leverage ratio, then life gets easier and you make more and more money."

Make the shift from the E and S side of the quadrant.

Most people will probably never become rich because they are not generous enough. In other words, their leverage ratio will probably always be 1:1.

Most people will not ever become rich because all they think about is a day's pay for a day's work. There is not much leverage in a day's pay for a day's work because no matter how hard you work or how much you get paid, the ratio is still 1:1.

Assets are more valuable than money.

Only 5 percent of the population realizes the value of assets over money. Most people who own businesses work for free. Too many people in the E or S quadrants are limited as to how many people or organizations they can serve...hence their income is limited. A 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.

How Fast Can You Get Rich

The good news is that it has never been easier and less expensive to become rich. All you have to focus on is serving more and more people. If you understand the power of networks and the importance of leverage ratios, you too can become exceptionally wealthy in a short period of time and at a fraction of the cost.

Robert Kiyosaki's Thoughts:

"Years ago, rich dad said to me, 'People on the B and I side of the quadrant have access to infinite wealth. People on the E and S side are limited by the limitation of their physical labor. For people on the E and S side to move to the B and I side, the first shift is the shift to generosity...the desire to serve more people, rather than get paid first.'"

THE LAW OF GENEROSITY

You do not have to be rich or poor to be greedy or generous. Doing more and more with less and less is one form of being generous. *The easiest way to become rich is by being generous.* Anytime you want to earn more money, all you have to do is ask yourself how you can serve more people.

THE LEVERAGE OF GENEROSITY

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

If you want to retire young and retire rich, it's okay to be greedy, just as long as you constantly work to find ways to give more to more and more people. If you do that, you will find your own path to great wealth.

Remember, leverage is the ability to do more and more with less and less. The people who will win financially are those willing to do more and more with less and less...not those who want to be paid more and more for doing less and less. This is a very important question: How can I do what I do for more people with less work and for a better price?

A Final Word on Generosity

Generosity falls under the age-old law, the Law of Reciprocity. It is the law that states: "Give and you shall receive." If you want to be rich, you must first think about serving the needs of as many people as you can. It's the law.

YOUR FINANCIAL REPORT CARD

When you go to a bank or credit union to borrow money, they will not ask you for your report cards from school. They will ask you for your *financial* report cards which include:

- Your income and your expenses
- Your credit report
- Your assets and your liabilities
- The amount of money you have in reserve



YOUR WEALTH RATIO

The Win the Game of Money Institute also has a report card. It helps you to determine where you stand in your quest to be financially independent. It is called **YOUR WEALTH RATIO**.

The formula for determining your wealth ratio is:

$$\text{Wealth Ratio} = \text{Passive Income} + \text{Portfolio Income} \div \text{Total Personal Expenses}$$

You will notice that earned income is not counted in determining your wealth ratio.

To win the game of money your wealth ratio must be equal or greater than one.

How much passive income do you have? How much portfolio income do you have?

Example: You own some candy machines, a rental house and some stock. Your candy machines produced a net income of \$1,200. Your rental house netted you \$1,850 and your stock paid \$300 in dividends. Your yearly personal expenses are \$32,000.

$$\text{Your Wealth Ratio would be } \$1,200 + \$1,850 + \$300 = \$3,350 \div \$32,000 = 10.5\%$$

This means you are about one-tenth of the way to winning the game of the money. Do you need to spend more time and energy in the asset box, building business and cash flow investments? The wealth ratio is a very important ratio to know intimately because it is a great indicator of how well you manage the business of your life.

So, What Is Your Wealth Ratio?

To determine your wealth ratio, you could go to your last year's tax return. On the first few pages you can see how much earned income you have generated. To determine your passive income you would look at Schedule C Business Income and Schedule E Real Estate Income. And, to determine your portfolio income you would look at Schedule D, Capital Gains and Losses.

Are you excited about your current wealth ratio? Do you need to start making some changes in your life to learn about and then spend more time and effort in the asset box?

YOUR FINANCIAL BATHTUB

Another way of looking at the process we are talking about is to think of your financial situation as a bathtub. Our goal for our financial bathtub is to fill it up with money and make it overflow.

First of all, all bathtubs have drains. We cannot completely plug up our financial drain because we have to spend some money for our necessities. There is always money flowing out of our tub. We can do several things to reduce the size of our drain by reducing the amount we spend on liabilities and doodads and also reducing the amount we spend on taxes. This will make it easier for us to fill up our financial tub.

Everyone's financial bathtub also has faucets. If you are single and have one job or profession, you will have one faucet. If you have two jobs or are married and your spouse has a job, you will have two faucets. Ninety five percent of the population uses faucets from the E or S quadrants to try to fill up their bathtub.

If you went to the building department in your city and asked one of the planners if there is a law that says a bathtub can only have two faucets, he would tell you "no!" A bathtub can have as many faucets as you want. This is also true of your financial bathtub. You can add as many faucets to your financial bathtub as you want.

One-way to do this is to go out and get additional jobs, more E or S faucets. But you will get very tired and you will eventually run out of time. These are bad faucets!

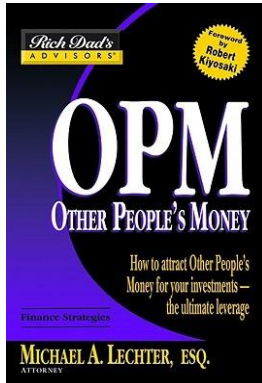
Another way is to add "asset faucets." These are B and/or I faucets. These are good faucets. Your financial goals should include adding cash flow generating asset faucets to your financial bathtub as soon as possible. As you add more faucets and these faucets produce more income, a special event will occur. Eventually your income from your B and I faucets will become greater than the expenses going out your drain. In other words, your Wealth Ratio is greater than one and...



YOU HAVE NOW WON THE GAME OF MONEY!

I want to make a suggestion. Get a picture of a bathtub and place it on your bathroom mirror or refrigerator. Every time you look at that picture, ask yourself, "What am I doing to add cash flow generating asset faucets to my financial bathtub?" This probably will increase your motivation to actively seek to win the important **GAME OF MONEY!**

THE LEVERAGE OF MONEY (OPM)



One of the recognized forms of leverage is the leverage of borrowing money. Millions of people struggle financially because the power of debt leverage is used against them.

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, not your own.

GOOD DEBT VS. BAD DEBT

There are two types of debt.

- 1) Bad Debt
- 2) Good debt

The rich use debt to win financially and the poor and middle class use debt to lose financially

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. Simply put, good debt is debt that puts money in your pocket every month, and bad debt is debt that takes money from your pocket every month.



Bad Debt is debt on liabilities. Remember, liabilities are things that take money out of your pocket. If you were to buy a boat, you would have to make the payments out of your personal income.

Good Debt is debt on cash flow producing assets. Lenders are more excited to loan more money at better terms for good debt. The reason is that the lender looks to the income from the asset to make the payments, not a person's paycheck.

Good debt makes you rich and bad debt makes you poor.

The rich use debt to win financially and the poor and middle class use debt to lose financially.

We are currently living in a time in which it is easy for most of us to borrow money from banks, savings and loans, credit unions, and credit card companies.

How much you can borrow is based on two things:

1. The reason you are borrowing the money
2. Your ability to pay the money back



If you purchase a home and apply for a loan the lender will look at your income, both the quality and quantity plus your expenses, assets, liabilities, credit report, cash in reserve and then base the maximum loan amount on a ratio of income to expenses. Your loan amount will be limited by certain guidelines the banks must follow.

When you purchase a cash flow generating asset, banks also take into account the cash flow being generated by the asset.

When I first started investing, I was a teacher and based on my teaching income, I could only qualify for a house with a certain price. However, I could qualify to borrow a larger amount of money to buy residential income property because I was applying for good debt, debt on assets creating cash flow that would pay the loan payments.

My first goal when I started investing in real estate was to be a million dollars in debt; to control over one million dollars of real estate using OPM, other people's money.

GOOD LEVERAGE VS. NOT SO GOOD LEVERAGE

Unfortunately, I learned the hard way that there are two types of OPM leverage – good leverage and not so good leverage.

There are two types of leverage that occur when you purchase income producing real estate.

LEVERAGE CREATING YIELD BASED ON APPRECIATION

Example 1: You purchase a property for \$100,000 with 20% down (\$20,000) and an 80% loan (\$80,000). The first year you own the property, it appreciates 10%, which is \$10,000. Your yield from appreciation would be:

$$\text{\$10,000 Appreciation} \div \text{\$20,000 Down Payment} = 50\% \text{ Yield}$$

Example 2: You purchase a property for \$100,000 with 20% down (\$20,000) and an 80% loan (\$80,000). The first year you own the property it remains the same value. Your yield from appreciation would be:

$$\text{\$0 Appreciation} \div \text{\$20,000 Down Payment} = 0\% \text{ Yield}$$

Example 3: You purchase a property for \$100,000 with 20% down (\$20,000) and an 80% loan (\$80,000). The first year you own the property loses \$5000 of value. Your yield from appreciation would be:

$$\text{\$5,000 Appreciation} \div \text{\$20,000 Down Payment} = -25\% \text{ Yield}$$

As you can see from these examples, this use of leverage can create great yields but can also have devastating results if the property goes down in value.

LEVERAGE CREATING YIELD BASED ON CASH FLOW

Example 1: You purchase a property for \$100,000 cash with an income of \$14,000 per year. The expenses are \$5,000 for the year. Your net income would be \$9,000.

Your yield would be \$9,000 divided by \$100,000 = 9%. This is what is called the **CAP RATE**, the rate of return if you own the property free and clear.

Example 2: You purchase the same property but instead get an \$80,000 loan on the property at 6% interest. The net effect is that you are making 9% interest on your \$20,000 down payment and 3% interest on the \$80,000 loan (the difference between the cap rate of 9% and the interest rate of 6% is 3%).

9% of \$20,000 is \$1,800 plus 3% of \$80,000 = \$2,400 means that you are making \$4,200 profit on your \$20,000 down payment which is 21% yield.

Now you might say that the 50% yield is better than the 21% yield but the 21% yield was based on no appreciation of the property. If we had 10% appreciation as shown in Example 1, our yield would be 71%.

Also there are additional yields created from debt reduction and tax benefits that will increase your yield even more.

Most people will not invest in real estate because of the acquisition, liquidity, and management challenges.

There are many reasons the rich invest in real estate:

1. Tax laws encourage the rich to invest in real estate.
2. There is greater leverage in real estate. A rich person can become even richer by investing with their banker's money
3. The income from real estate is passive income, the least taxed of all incomes. If there are capital gains from the sale of a property, the capital gains can be deferred for years, allowing the investor to reinvest with what should have been the government's money.
4. Real estate gives the investor much more hands-on control over their assets.
5. It is a much safer place to park money, again if the investor knows how to manage money and property.

Investing in residential income property is one of the assets the Win the Game of Money Institute recommends people to consider. For more information on how to purchase and manage residential income property, go to:

www.RealEstateCashFlowStrategies.com

WHAT IS AN ENTREPRENEUR?

There are three basic classes of assets. They are:

1. Real Estate
2. Paper Assets
3. Businesses

The richest self-made people in the world are entrepreneurs from the B quadrant. They are far richer than movie stars, sports stars, and highly paid professionals. The reason the richest people in the world are from the B quadrant is because it is the hardest quadrant to be successful in. If you can build a B quadrant business, you are playing in the richest game in the world.

Why Don't More People Build B Quadrant Businesses?

The hardest thing about business is working with people. Most people cannot build a business simply because they lack people skills.

If You Can Work with Different People You Can Become Rich Beyond Your Wildest Dreams

Successful entrepreneurs create great teams.

The Big Problem

An entrepreneur must first be a great leader, and all of us can work on improving our leadership skills.

What is an Entrepreneur?

The Merriam-Webster dictionary defines it as: a person who starts a business and is willing to risk loss in order to make money.

A true entrepreneur cannot do what he or she needs to do by her - or himself. 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.

The better you can lead a team of smart, qualified people, without having to work as part of the team, the better and bigger entrepreneur you can become.

The problem with most people is that they devote their lives developing their professional or career skills, which is why there are more people in the E and S quadrants. Very few people devote their lives developing their leadership skills, which is the skill most required for the B quadrant. Leaders rise to challenges while others look for job security.

Develop Your Own Leadership Skills

All you have to do is take on challenges that others run away from. The size of the leader is measured by the size of the task they undertake. Many people are not qualified to participate in the richest game of all, the game of building businesses, simply because they fail to gain the skills of leadership.

The process of retiring young and retiring rich is a mental and emotional process, more than a physical process. If you are prepared mentally and emotionally, what you physically have to do is very little.

THE LEVERAGE OF TIME (OPT)



"I would rather earn 1% of a 100 people's efforts than 100% of my own efforts."

J. Paul Getty, *American Industrialist*

The Leverage of a B Quadrant Business

To build another type of asset, an asset known as a business, you have to use another type of leverage, OPT, other people's time. This leverage uses the employment of people.

The rich think the opposite of the poor and middle class. The poor and middle class think that having a safe, secure job is smart. The rich think building a business is smart and job security is risky.

Learning to build a business is like learning anything else. If you work for job security, you will work hard for most of your life. If you work to build a business, you may work harder at the start but you will work less and less in the end, and you'll probably make 10 to 100 to 1,000 times more money. So, which one is smarter?

A business owner will do his or her best to build a system to serve as many people as possible.

There are different ways to use time leverage.

1. Employees – Most conventional businesses hire people to do specific tasks to make a product or provide a service. When the company is paid, they pay the employees' salaries, which are less than the total amount of money received, which creates a profit for the company.
2. Independent Contractors – Companies use people who are independent of the company to perform services. Examples would be building contractors that hire other contractors to help build a house or real estate brokers that have salesmen that are independent, but work under the broker's license.
3. Franchising – A franchisor develops a duplicable business system that sells a product or service and sells the system to other entrepreneurs (franchisees) who actually run the business and pay an override to the franchisor. Ray Kroc, founder of McDonald's Restaurants is the classic example. Kroc didn't create his business to be flipping hamburgers and making milk shakes. He was able to leverage his time through 1000's of businesses where he was not the owner.
4. Network Marketing – I look at network marketing as horizontal and vertical franchising. In conventional franchising there is only one entity that can sell the business model to others. In network marketing everyone who buys a business can also sell businesses to other people. The network marketing company provides the products and pays the compensation, but everyone who joins has unlimited opportunity to earn as much as they want.

TAX ADVANTAGES OF OWNING ASSETS

The Best Loophole of All

If you work for job security, you will earn less and less the more and more you work. To me, that is too high a price to pay for a little bit of security. Today, the best way to earn more and work less is via owning your own business. It continues to be the best loophole in the world. One reason to start your own business is the difference in when you pay your taxes.

<u>Employee</u>	<u>Business Owner</u>
Earns	Earns
Taxed	Spends
Spends what is left	Pays taxes on what is left

A business owner can pay for those things with *before-tax dollars* while an employee pays for them with *after-tax dollars*.

The tax laws are the worst for the employee. In fact, it is the lower paid employees who pay the highest percentage in taxes - so much for the government working to protect the working class. Even the S quadrant has more loopholes than the E quadrant. The government has locked up the loopholes for the E quadrant.

Improved real estate also has great tax benefits in the form of DEPRECIATION. For instance the IRS tax codes state that the life expectancy for residential income property is 27½ years. That means that the owner can take 1 / 27.5 of the value of the improvements as a loss against profit. If there is loss of the property, the owner can deduct it from their ordinary income for tax purposes.

Example: You buy a rental property for \$100,000. The value of the land is determined to be \$20,000 and the improvements \$80,000. If you divide the \$80,000 by 27.5 you get a depreciation loss of \$2,909 dollars. If your net income from the property was \$1,000, you will not have to pay taxes on it for that year and also you can reduce your personal income by \$1,909. You may eventually have to pay taxes on the write-off, but it will be at a lower tax rate than ordinary income.

As far as leverage goes, taxes for most people are reverse leverage or negative leverage. A person who works hard for earned income has to work at least twice as hard as someone who works hard to earn passive income. Working for earned income is like taking two steps forward, and then taking one step back.

If you want to become really rich, learn how to build, buy, or create assets – cash flow assets, tax advantaged assets. The money most people save is after-tax money.

THE LEVERAGE OF YOUR MIND

The most powerful form of leverage in the world, your mind, has the power to make you rich or make you poor.

Rich people use rich words and poor people use poor words. *Your brain can be your most powerful asset or it can be your most powerful liability.* The difference between rich people and poor people is that poor people say “I can’t afford it” more often than rich people. If you want to retire young and retire rich, you will need to use your brain in your favor, not against you.

Poor people use poor words, and poor words create poor people. If you can change your words and your thoughts to those of the rich, retiring young and retiring rich will be easy.

We all have doubts. The difference is what we do with those doubts.

The biggest challenge you have is to challenge your own self-doubt and your laziness. It is your self-doubt and your laziness that defines and limits who you are. If you want to change what 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 about you. 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.

Without the “*why*,” the “*how*” will be impossible. It is the “*why*” that gives you the power to do the “*how to*.” The reason most people do not do what they can do is because they do not have a strong enough “*why*.”

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

THE LEVERAGE OF HABITS

Good habits are the bricks of the rich.

Can Everyone Become Rich?

Robert Kiyosaki’s Thoughts:

“I once asked rich dad if anyone could become rich. His response was, ‘Yes. What a person must do to become rich is not that hard. In fact, getting rich is easy. The problem is most people would rather do things the hard way.’”

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.”

Leverage of Habits

“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.”

If you are serious about becoming rich, you must do the following things over and over again, from now until forever, for the rest of your life.

Everyone in the Western world can do and can afford what is recommended. The problem is, only a few people will do them and do them, and do them.

Many of the very rich became rich in their spare time. So, if you have a job because you have financial responsibilities, keep your job but make better use of your spare time. When your

HOW FAST IS YOUR PLAN?

Most people think it is smart to save money. Saving money is slow. You can become rich saving money, but the price is time...your lifetime.

The idea of working all your life, saving and putting money into a retirement account is a very slow plan.

HOW DO YOU CREATE A FAST PLAN?

Choose Your Exit Strategy First

What is your exit strategy? How old do you want to be when you exit?

Always start at the end before you begin. Before you get into investing, you need to first know how, when, where, and with how much you want to exit. Knowing your exit strategy is an important investment fundamental.

How Much Will You Have When You Stop Working?

Robert Kiyosaki's Thoughts:

"In theory, our basic plan through all levels was simple. It was to build businesses and invest in real estate. Today, we continue to build businesses and invest in real estate. While the plan has remained simple, what has increased is our education and experience."

A Plan for the Future

You must be prepared for the opportunities of the future. If you are not, you will invest in the investments of the past, and investments of the past often have no future.

We are living in the Entrepreneurial age. More and more people are taking advantage of the opportunity to start home-based businesses, especially using the power of the Internet.

HOW DO YOU SEE THE FUTURE?

If you do not like what you see, which is a financial statement filled with bad debt, bad income, bad expenses, bad liabilities, and no future; you must start immediately to make some changes.

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*.

THE MOST DESTRUCTIVE OF ALL WORDS

The most life-destroying word of all is the word *tomorrow*. The poor, the unsuccessful, the unhappy, the unhealthy are the ones who use the word tomorrow the most. The word tomorrow is the word that destroys more lives than any other single word.

The problem with the word tomorrow is that I have never seen a tomorrow. Tomorrows do not exist. Tomorrows only exist in the minds of dreamers and losers. All we have are today's. Today is the word for winners and tomorrow is the word for losers.

SUMMARY

Start Your Future Today

It is not a matter of a person's age. It is a matter of a person's context.

So, how does a person begin their rich and free future today? Again, the good news is it begins in your mind. It begins with your words, your thoughts, and your actions each and every day. It begins by taking stock of where you spend your time and whom you spend your time with. It begins with knowing that you must make your plan real in order to build a bridge from where you are, over the roaring waters to your dreams.

Dreamers dream dreams and rich people create plans and build bridges to their dreams. Start your future today by creating a plan for the future. For many people, one of the first steps on the plan is to stop doing today what you do not want in your future.

If you do not want to work hard all your life for earned income, start asking yourself how you can learn to work for passive and portfolio income. Once you come up with some answers, make those answers a part of your plan.

It may mean studying more, reading more books, listening to tapes, attending more seminars, starting a home-based business, and meeting new friends. In other words, do today what you want for tomorrow.

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 good news is that more and more leveraged tools are being created today, tools such as computers, the Internet, and more to come. The people who can adapt to use these tools of leverage are the people who are getting ahead. The people who are not learning to use more and more tools of leverage are falling behind financially or working harder and harder just to keep up.

If you are getting up and going to work only to earn money, rather than working to gain some leveraged advantage in life, the chances are you are falling behind today.

Never in the history of the world have so many tools of leverage been invented in such a short period of time. The people who use these tools get ahead and people who do not, fall behind.

You and I know that your brain is still your most underused asset. Lazy people want to get rich quickly, and successful people want to get financially smart quickly and keep getting smarter. In my reality, it does not take money to become rich. In my reality it does take mental and emotional power.

The path to financial freedom is simply to: BUY ASSETS. Buy assets that generate cash flow NOW, not some time in the future!"

1. Decide. Every day I get up and I choose who and what I want to be. I ask myself. Do I want to live today as a person with a poor context, a middle-class context, or a rich context? "I need to increase my financial IQ so I can work less and make more money."
2. The most expensive advice you receive is the free advice from your friends and relatives that are struggling financially.
3. Continuously study the materials provided by the Win the Game of Money Institute at www.WinTheGameOfMoney.com. Just remember this, as we make advances in technology, people will make advances in financial intelligence. This means it's getting easier and easier to become rich quicker with more safety. The catch? You need to keep up, keep learning and get good advisors.

In closing, leverage is everywhere. Leverage is power. Leverage is found inside of us, all around us, and invented by us.

The power of leverage can be used, abused, or feared.

The future is very bright and the future will bring freedom for more and more people. How you choose to use the power of leverage in your life is up to you, and only you.

I hope you apply leverage correctly and reap the rewards to share with those that are important to you.

To your success,



Bob Ritchey

Founder,
The Win the Game of Money Institute

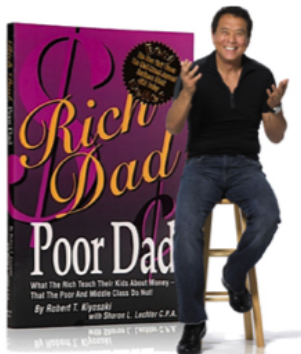
I Have a Special Invitation for You...

First of all...

Congratulations on completing this Special Report!

You have demonstrated how serious you truly are about obtaining time and financial freedom and we'd like to offer you a resource that we truly believe can help equip you in your journey to the life you want to create for yourself and the people you care about.

Your Path to Becoming Financially Successful...



“If you want to become rich, you need to think like the rich, learn what the rich know and do what the rich do.”

Robert Kiyosaki

The Only Way For Your Life And The Life Of Your Loved Ones To Get Better Is For *You* To Get Better

The most valuable asset you can invest in is your own personal growth and development - to become a better you.

By obtaining this educational report, you have received just a small sample of the powerful information you will have access to when you become a VIP Member of the **Win the Game of Money Institute**.

Success is when opportunity meets preparedness.

Now is your opportunity to choose to be exposed to outstanding information for your self-improvement from some of the world's most recognized mentors and instructors.

When you enroll in the Institute, you will have instant private access to the following:

The “How to Win the Game of Money” Online Video Seminar along with its 66-page Action Guide.



This 4-part, two-hour seminar will open your eyes to all the information that most people are never taught in school on personal and financial success.

This is where you will find the foundational principles largely responsible for the creation of wealth and financial freedom of everyone that has applied them.

In this seminar you will learn:

- How to increase your financial intelligence significantly;
- How to become financially independent and have both freedom and security.
- How to become debt free;
- The important definitions for assets, liabilities and doodads;
- Why the rich are rich and the poor and middle class are not;
- The importance of creating multiple streams of income;
- Why the rich pay a lower income tax rate than the middle class;
- The difference between good income and bad income, good debt and bad debt, good leverage and bad leverage;
- How to recession-proof you and your family for their protection;
- How to build an estate that is willable;
- How your success is dependent upon the law of generosity;
- How to retire young and retire rich;
- How to have both the time and money to enjoy life with your family;
- How to improve your self-esteem, self-image, self-confidence, self-discipline, and self-reliance.

Because we strongly believe that in order to accomplish anything worthwhile in life one must know how to set goals correctly and how to achieve them, as a Member of the Win the Game of Money Institute, you will also get access to:

The “How to Become a Master Goal Achiever” Online Video Seminar Along With Its Accompanying Action Guide



Success is the progressive realization of predetermined worthwhile personal goals. Success is when opportunity meets preparedness. Are you prepared?

In this seminar you will learn:

- The steps you must take on the road to success before you start setting goals;
- How to develop the potential that lies within you;
- The steps necessary to develop your ability to sustain effort, control attention and concentrate energy;
- How to develop a goal setting mentality to get you started on your path to success;
- A step-by-step learning process that will show you how to effectively set and achieve goals;
- Why you must set goals in at least six major areas for your life to attain maximum happiness;
- How to become a self-starter. Not only is it possible, it is your responsibility for your and your families well-being;
- The three types of motivation and how to apply the only one that will lead to a sustained successful, rewarding, and happy life;
- How to use the power of visualization and affirmation to create the mental daily reminders of the targets you want to accomplish;
- How you can join the small percentage of people that recognize and take advantage of the massive number of opportunities that exist in our world today;
- The key differences between a wish, a New Year’s resolution and a goal and how it affects the results you get in life;
- How to set yourself apart from the crowd by becoming a master goal achiever instead of remaining status-quo, not getting ahead in life year after year.

Additionally, as a Member of the Institute, you will get access to another powerful online video seminar and its accompanying Action Guide:

“How to Become a Professional Manager of Time: Proven Strategies to Help You Become More Productive”



In this seminar you will discover:

- What actions the successful manager of time takes that the unsuccessful manager of time does not;
- The importance of your Belief Window and a new Definition of Intelligence;
- Understanding Time Management, Event Control, and Planning;
- How to become proactive instead of reactive by planning each day and prioritizing the events for that day;
- How to develop an important trait for success – character;
- The difference between Urgencies and Priorities;
- That you can either spend your time or you can invest your time and develop a great ROI (Return on Investment);
- How to develop your own personal Productivity Pyramid and the importance of determining your Governing Values;
- Your biggest challenge to achieving success - getting out of your Comfort Zone and how you can accomplish it;
- How to construct a productive day that will be your building block to an extraordinary life;
- Three very simple and easy rules that will help you become a more organized person without getting overwhelmed;
- A great strategy to help you overcome procrastination, which will increase your productivity, accelerate your progress and improve your self-esteem and overall personal pride and satisfaction;
- The three natural laws that deal with behavior change and the four essential steps of creating a habit.

You will also get private access to:

The “Win the Game of Money” Newsletter

We’ve created a continuing education program for busy people who value their time, but still want to

transform their life.

Over the next two years, you will receive a weekly, information-packed newsletter consisting of a combination of eBooks, special reports, and summaries of some of the greatest books written on financial and personal success.

We’ve done all the work for you by selecting the most powerful information and creating summaries for your convenience so you can consume each issue in an average of 10 minutes.

Here are just a

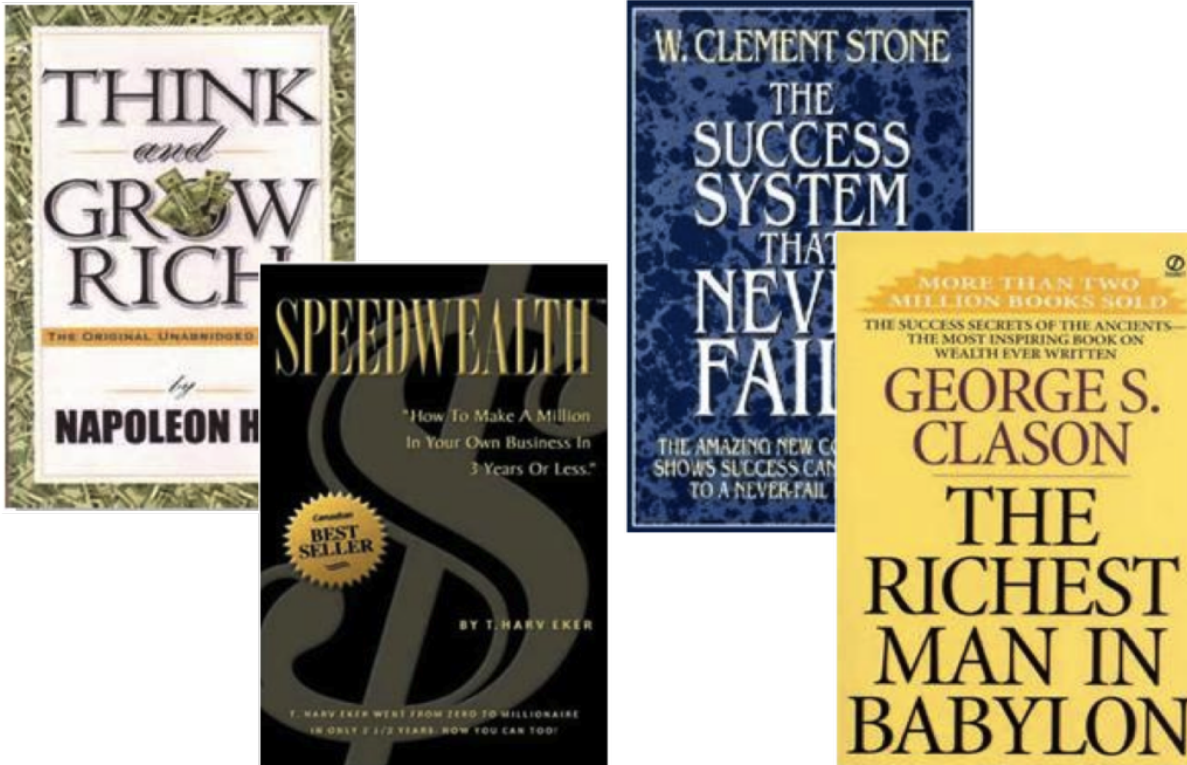
few titles of our informational newsletters, reports and book summaries:

- Destination Success
- Who Moved My Cheese
- How to Win Friends and Influence People
- The Science of Getting Rich
- Rich Dad’s Guide to Investing
- The One-Minute Millionaire
- How to Think Like a Millionaire
- Rhino Success
- Rich Kid – Smart Kid
- Jonathan Livingston Seagull
- Your Best Year Yet
- Who Took My Money

- The Power of Focus
- The 7 Habits of Highly Effective People
- Law of Attraction
- Success Built to Last
- Time Power
- Think and Grow Rich
- Retire Young – Retire Rich
- Getting Things Done
- First Things First
- Million Dollar Habits
- Speed Wealth
- Top Performer

Furthermore, when you take this opportunity to join the Institute, you will also get:

SPECIAL BONUS: Free Access to the Win the Game of Money Institute Library



One of the common qualities of the influential, and the financially free of the world is that they have an insatiable thirst for knowledge and wisdom. They are constantly learning from their personal experience, but also from the wisdom that others have printed on the pages of brilliant books. Books such as Think and Grow Rich, The Laws of Success, the Richest Man in Babylon, How to Win Friends and Influence People, The Success System That Never Fails, Speed Wealth, and much, much more.

The Library is divided into two sections:

1. Personal Growth
2. Financial Education

And it includes reports, videos and eBooks to help you design the lifestyle you want for yourself and your loved ones.

By now you might be asking yourself:

“How much does all this information cost?”

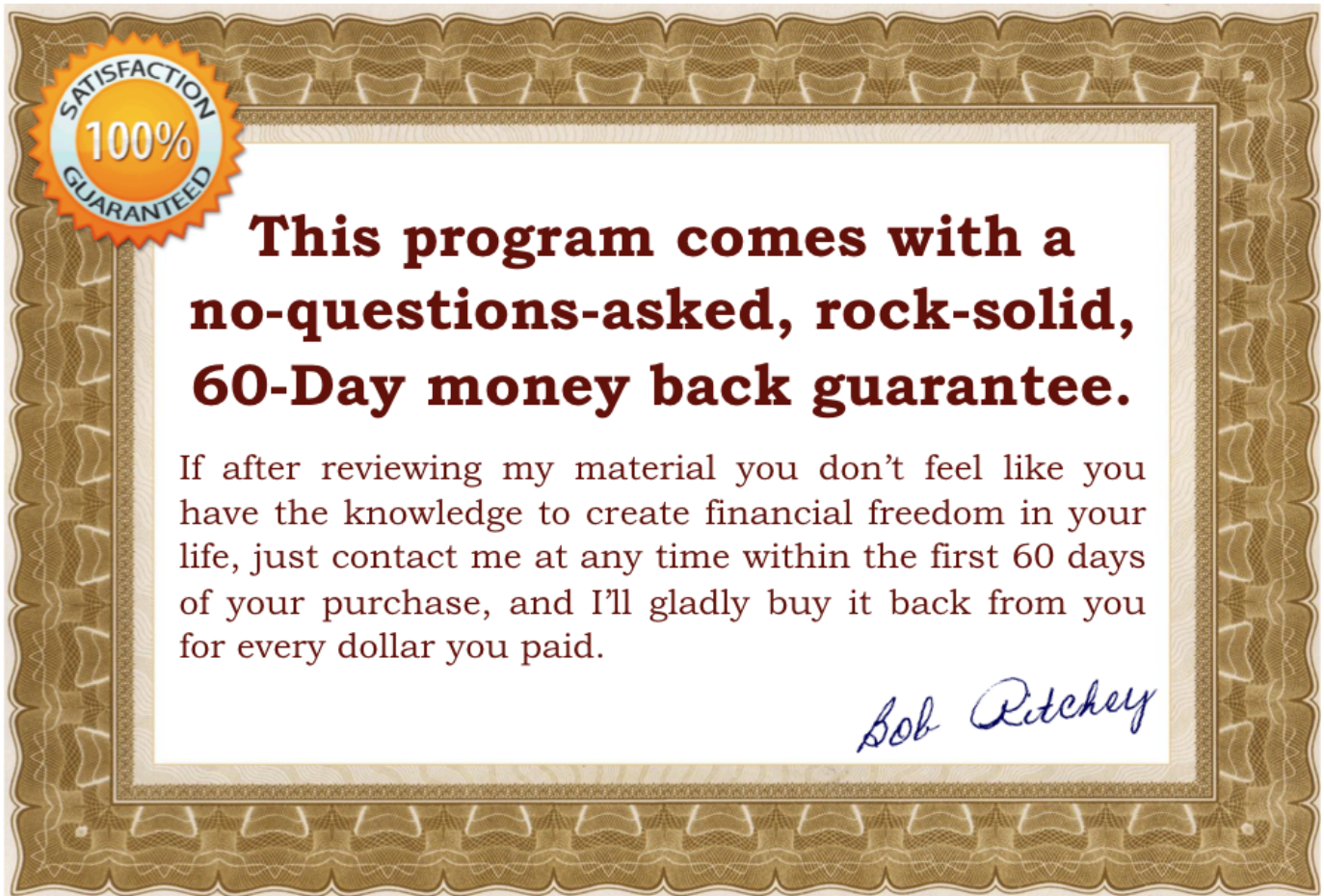
I can sincerely and honestly tell you that the education provided by the Institute is worth thousands and thousands of dollars.

But my goal in forming the Institute was to make it accessible to anyone that is motivated and is committed to really make a positive change in their life.

That is why I decided to set the investment for all of the life-changing information provided by the Institute at a one-time payment of just \$79.

And I feel so confident that you will be completely satisfied by what you will be getting access to, that I'm willing to take on all the risk.

Unlike other institutions of learning, if you don't feel that the content inside the Institute is worth at least 10 times the cost of admission, we offer you the following guarantee:



** Price offered as of the time of this writing and it's subject to change at any time without notice.*

If you've made the decision to move forward with us, I strongly suggest you take action now that the enrollment fee is at its introductory rate. Plus, with my 100% money back guarantee you truly have nothing to risk.

I look forward to seeing you start your journey to becoming a better you.

To your success,



Bob Ritchey



I met Bob when I attended his seminar on real estate investing. I knew I wanted to make him my mentor and he was able to find several great deals for me. I have also attended his 'Win the Game of Money' seminar and am now a member of the Institute. Bob's material has been of great worth to me over the years and I strongly recommend you take advantage of his knowledge.

Pete Pifer Farmers Insurance Agent and Real Estate Investor

Go to www.WinTheGameOfMoney to learn more, today.

You have nothing to lose and a wealth of financial freedom knowledge to gain.

Bob has been a friend and a Mentor to me for almost a decade, now. When he told me that he was going to put his Win the Game of Money Seminar and other personal and financial information on the Internet, I was the first to sign up. I think you will be amazed at both the quality and quantity of material that he makes available to those who enroll. Don't hesitate to sign up for the Institute today. The investment on yourself will be very well worth it.



Salvador Posada –
Master A.C.E.S. Method Founder,
Lead Generation & Sales Conversion Agency for Coaches, Consultants & Course Creators