

INCREASE YOUR FINANCIAL IQ GET SMARTER WITH YOUR MONEY

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THE FIVE FINANCIAL IQs

- 1. Making Money**
- 2. Protecting Your Money**
- 3. Budgeting Your Money**
- 4. Leveraging Your Money**
- 5. Improving Your Financial Information**

“It’s financial education that enables people to process financial information and turn it into knowledge ... and most people don’t have the financial education they need to take charge of their lives.”

One of the first steps to getting richer by getting smarter with your money is to take advantage of opportunities when they present themselves. Right now you are holding a great opportunity.

Pay attention. You will be on the right path to financial freedom, and on the right path to big success. Think big!

One of the greatest failures of the educational system is the failure to provide financial education to students.

It is not the love of money that is evil-it is the lack of money that causes evil. It is working at a job we hate that is evil. Working hard yet not earning enough to provide for our families is evil. For some, being deeply in debt is evil. Fighting with people you love over money is evil. Being greedy is evil. And committing criminal or immoral acts to get money is evil. Money by itself is not evil. Money is just money.

THE MIDDLE CLASS IS FALLING BEHIND.

Obsolete advice – “Work hard, save money, get out of debt, live below your means, and invest in a well-diversified portfolio of mutual funds.”

In today’s world, financial education is absolutely essential for survival regardless of whether we are rich or poor, smart or not smart.

As most of us know we now live in the Information Age.

Information + Education = Knowledge

Without financial knowledge, people struggle financially.

We live in an ocean of financial uncertainty.

You must become smarter – by increasing your financial IQ.

The asset is not what is valuable. It is the information relative to the asset that ultimately makes a person rich or poor. It is not real estate, stocks, mutual funds, businesses or money what makes a person rich. It is information, knowledge, wisdom, and know-how; a.k.a. financial intelligence, that makes one wealthy.

This book is about increasing your financial intelligence, your financial IQ. It is about getting richer by getting smarter. It is about the five basic financial intelligences that are required to grow richer, regardless of what the economy, stocks, or real estate markets are doing.

Ultimately, it is not gold, stocks, real estate, hard work, or money that makes you rich – it is what you know about gold, stocks, real estate, hard work, and money that makes you rich. Ultimately, it is your financial intelligence, your financial IQ, that makes you rich.

CHAPTER 1 – WHAT IS FINANCIAL INTELLIGENCE?

Poor Dad’s problem was not having enough money. He never solved his money problems.

Rich Dad acknowledges that money did matter and he strove to increase his financial intelligence at every chance. To him that meant tackling his money problems head-on and learning from the process.

The money problems of the poor are:

- i. Not having enough money
- ii. Using credit to supplement money shortages
- iii. The rising cost of living.
- iv. Paying more in taxes the more they make
- v. Fear of emergencies
- vi. Bad financial advice.
- vii. Not enough retirement money.

Money alone does not solve your money problems. That is why giving poor people money does not solve their money problems.

Hard work doesn't solve money problems. The world is filled with hard-working people who have no money to show for it, hardworking people who earn money, yet grow deeper in debt, needing to work even harder for even more money.

Education does not solve money problems. The world is filled with highly education poor people.

WHAT SOLVES MONEY PROBLEMS?

Financial intelligence solves money problems. Some examples of very common money problems are:

1. I don't earn enough money
2. I'm deeply in debt.
3. I can't afford to buy a home.
4. My car is broke. How do I find the money to fix it.
5. I have \$10,000. What should I invest in?
6. My child wants to go to college, but we don't have the money.
7. I don't have enough money for retirement.
8. I don't like my job, but I can't afford to quit.
9. I'm retired, and I'm running out of money.
10. I can't afford the surgery.

Financial intelligence solves these and other money problems. Unfortunately, if your financial intelligence is not developed enough to solve your problems, the problems persist. They don't go away. Many times they get worse causing even more money problems. For example, there are millions of people who do not have enough money set aside for retirement. If they fail to solve that problem, the problem will get worse, as they grow older and require more money.

SOLVING MONEY PROBLEMS MAKES YOU SMARTER

If you solve your money problems, your financial intelligence grows. When your financial intelligence grows, you become richer. If you do not solve your money problems, you become poorer. If you do not solve your money problems, that problem often grows into more problems. If you want to increase your financial intelligence, you need to be a problem-solver. If you don't solve your money problems you will never be rich. In fact, you will become poorer the longer the problem persists.

THE CAUSE OF POVERTY

Poverty is simple having more problems than solutions. Poverty is caused by a person's being overwhelmed by problems he or she can't solve.

THE RULES OF MONEY HAVE CHANGED

In 1971, President Nixon took us off the gold standard. The U.S. dollar died because it was no longer money – it became a currency. There is a big difference between money and currency.

Also in 1933, Franklin Roosevelt created Social Security to solve the money problems of the American people. Although very popular. Social Security and Medicare are financial disasters about to erupt into massive financial problems. If the U.S. government prints more funny money, i.e. currency to solve these two massive financial problems, the value of the U.S. Dollar will die faster and the financial problems will get bigger.

A currency's purpose is to acquire assets, assets that are either appreciating in value or producing cash flow. A currency must move quickly to acquire real assets with real value because the currency itself is rapidly declining in value. Prices of real assets such as gold, oil, silver, housing, and stocks inflate in price because the value of the currency is declining. Their inherent value does not change, only the amount of currency it takes to acquire them.

ANOTHER CHANGE IN THE RULES OF MONEY

In 1974, company pension plans were replaced by 401(k)s, IRAs. Keoughs, etc.

The U.S. education system doesn't equip its citizens with the financial knowledge required to successfully invest for retirement. Underfunded retirement plans will be the next major U.S. economic crisis.

GOVERNMENT SAFETY NETS

The lack of a secure financial future led to Social Security and Medicare, government safety nets created to solve financial problems for people who do not know how to solve their own problems. Both plans are bankrupt. This is a big problem that needs financial intelligence to solve. Throwing more money at the problem will only make it worse. It may even collapse the entire system of funny money, sending the dollar closer to zero.

WHY THE RICH GET RICHER

That the rules of money changed, that those changes make you poorer, and that they are out of your control may seem unfair. And it is. The key to becoming rich is to recognize that the system is unfair, learn the rules, and use them to your advantage. This takes financial intelligence, and financial intelligence can only be achieved by solving financial problems. Instead of running, avoiding, or pretending money problems do not exist, the rich welcome financial problems because they know that problems are opportunities to become smarter. That is why they get richer.

HOW THE POOR HANDLE MONEY PROBLEMS

The poor see money problems only as problems. Many feel they are victims of money. Their attitude towards money problems is the problem. Their attitude creates their money problems. Their inability to solve, or avoidance of them only prolongs their money problems and make them bigger. Instead of becoming richer, they become poorer. Instead of increasing their financial IQ, the only thing the poor increase is their financial problems.

HOW THE MIDDLE CLASS HANDLE MONEY PROBLEMS

While the poor are the victims of money, the middle class are prisoners of money. Instead of solving the money problem they think they can outsmart their money problems. Most tend to value financial security rather than take on financial challenges.

POOR DAD'S SOLUTION

He was a well-educated, hardworking man. Unfortunately, being well-educated and hardworking did not solve his money problems. He tried to solve his financial problems with academic and professional solutions.

RICH DAD'S SOLUTION

He looked for financial problems to solve. **Simply put, rich dad got richer because the Game of Money was his game...and he wanted to be the best he could be at his game. As he got older, he got better at his game. His financial IQ went up and the money poured in.**

PLAYING THE GAME

Personally, my days are dedicated to increasing the five financial intelligences. For me, my financial education never stops. I love learning. I work because I love the Game of Money, and I want to be the best I can be at my game. Business, investing, and making money is my game. I love my game, I am passionate about the game. So if I retire, I would lose my passion, and what is life without passion.

WHO SHOULD PLAY THE GAME OF MONEY?

Do I think everyone should play the Game of Money? My answer is, like it or not, everyone is already playing the Game of Money. Rich or poor, we are all involved in the Game of Money. The difference is some people play harder, know the rules, and use them to their advantage more than others. Some people are more dedicated, more passionate, more committed to learning and to winning. When it comes to the Game of Money, most people are playing – if they know they are playing at all – not to lose rather than playing to win.

Since we are all involved in the Game of Money anyway, better questions may be:

- **Are you a student of the Game of Money?**
- **Are you dedicated to winning the game?**
- **Are you passionate about learning?**
- **Are you willing to be the best you can be?**
- **Do you want to be as rich as you can be?**

If you are, then read on. This book is for you. If you are not, there are easier books to read and easier games to play.

In my lifetime, America went from the richest country in the world to the biggest debtor nation in the world.

Many people hope the government will solve their financial problems. I do not know how the government can solve your problems when it cannot solve its own money problems. In my opinion, it is up to individuals to solve their own problems. The good news is that if you solve your own problems, you get smarter and richer.

The poor and middle class tend to avoid or pretend they do not have money problems. The problem with this attitude is that their money problems persist, and their financial intelligence grows slowly, if at all.

CHAPTER 2 THE FIVE FINANCIAL IQS

There are five basic financial IQs. They are:

Financial IQ #1: Making Money

Financial IQ #2: Protecting Your Money

Financial IQ #3: Budgeting Your Money

Financial IQ #4: Leveraging Your Money

Financial IQ #5: Improving Your Financial Information

Financial Intelligence vs. Financial IQ

You can be the equivalent of a genius when it comes to academic intelligence, but the equivalent of a moron when it comes to financial intelligence.

MEASURING FINANCIAL INTELLIGENCE

Financial IQ #1: Making Money – Most of us have enough financial intelligence to make money. The more money you make, the higher your financial IQ #1. In other words, a person who earns \$1 million a year has a measurable higher financial IQ than a person who earns \$30,000 a year,

Financial IQ #2: Protecting Your Money – A simple truth is that the world is out to take your money. But not all who take your money are crooks or outlaws. One of the biggest financial predators of our money is taxes. Governments take our money legally. If a person has a low financial IQ #2, he or she will pay more in taxes.

Financial IQ #3: Budgeting Your Money – Budgeting your money requires a lot of financial intelligence. Many people budget their money like a poor person rather than like a rich person. Having a surplus is something you have to actively budget for.

Financial IQ #4: Leveraging Your Money – Financial IQ #4 is measured in return on investment. Someone who earns 50% on his or her money has a higher financial IQ #4 than someone who earns 5 percent. Many people think that higher returns on investments require higher degrees of risk. That is not true. To me, having a well-diversified mutual fund portfolio and savings in the bank is a lot riskier.

Financial IQ #5: Improving Your Financial Information

Information can make the difference between being rich or poor.

Information is the single greatest asset of this era. Poor information creates poor people. One of the reasons so many people are struggling financially is simply because they have obsolete, biased, misleading, or erroneous information powering their most powerful asset, their brain.

Today, information and a very inexpensive computer can transport you from poor to super rich while you're sitting at home. All it takes is the right information.

Very quickly, we have to learn how to sort, categorize, discard, and process tremendous amounts of information from multiple and varied sources.

Business and investing are rampant with deceptive information. An entrepreneur and investor must be constantly vigilant and on guard against deceptive information.

CLASSIFIED INFORMATION TO BECOME RICHER

Lesson #1: Facts versus opinions.

Lesson #2: Insane solutions. Insane solution occurs when a person uses information that is an opinion as a fact.

Lesson #3: Risky actions. A risky investor invests based on opinions. Unfortunately, this describes most investors. A smart investor knows the difference between facts and opinions. Financial insanity is caused when opinions are mistaken for facts.

A smart investor knows that facts and opinions can be valuable bits of information.

Lesson #4: Control over the asset. One important bit of information I want is how much control I have. Certain assets provide more control for the owner than others.

Lesson #5: What are the rules?

Rules can make a person very rich or very poor. Rules provide a valuable source of information about how the Game of Money is played.

Lesson #6: Trends

A trend is developed when an investor takes information from a set of facts and informs an opinion.

The trend is your friend.

Real estate is priced in a local market. Today, I love real estate because it is an asset more dependent on local information than on global information. With real estate, I can be an expert in my small area.

Intelligence is the ability to take information and make it meaningful.

History and Cycles

Ultimately, it is not the asset that makes you rich. Information makes you rich... Or poor.

Are you a good investor?

You need to make money, protect your money, budget your money, leverage your money, and seek the best financial information.

If the government operates in integrity, the government and its people flourish. If the government is out of integrity, the government and its people struggle and grow poorer. Higher taxes and excessive debt are signs that the US government is struggling with financial integrity. Today rather than being the richest country in the world, we are the biggest debtor nation in the world. (Quote from 2008)

I just get tired of being average.

We must learn both accounting and investing the same time.

It's the fun of making money and watching it grow.

I wanted to learn how to win!

Where do you have the best chance of winning?

One of the reasons for people remain poor is because they have a poor person's subconscious mind.

To change your life, change your environment

We need mental and physical toughness.

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