

Book Review for 11/1/04 by Le Von Wilson

Title: "Rich Dad, Poor Dad: What the Rich Teach Their Kids about Money—That the Poor and Middle Class Do Not!"

Authors: Robert T. Kiyosaki with Sharon L. Lechter, C.P.A.

Publisher: Warner Books.

Length: 204 pages.

Price: \$16.95.

Reading time: 4-5 hours.

Reading rating: 10 (1 = very difficult; 10 = very easy).

Overall rating: 4 (1 = average; 4 = outstanding).

In "Rich Dad, Poor Dad," personal finance author and lecturer, Robert Kiyosaki, provides us with six easy lessons about how to build wealth. He explains how to make your money work hard for you instead of you working hard for money. It is as much a motivational book as it is an informative guide. Kiyosaki developed his unique economic perspective from two very different influences – his two dads. The title of the book comes from the fact that the author felt that he had two dads—one was his biological father and the other was the father of his best friend. One dad (his real dad), was highly educated, but fiscally poor. He never had enough money at the end of the month and died broke. His other dad (actually his friend's father) was a self-made millionaire even though he dropped out of school at age 13. He had an innate sense about money and building net worth. He went on to become one of the wealthiest men in Hawaii. His two dads had opposing attitudes in thought.

The main concept of the book is to show how you may benefit by taking a look at your personal net worth in an unconventional way. Most of us traditionally view our assets as things like our home, boat, precious jewels or antiques. Kiyosaki's rich dad teaches us that was wrong and that something is not a true asset unless it produces income. He defines an asset as something that puts money in your pocket. He defines a liability as something that takes money out of your pocket.

Kiyosaki's poor dad used the traditional definition of net worth. He used his cash flow to purchase things that did not put money in his pocket (e.g., a new car, a larger home, or new furniture). His rich dad used his cash flow to invest in income producing assets (e.g., income producing real estate, profitable businesses). Kiyosaki's rich dad believed that the poor and middle class often buy luxuries first to try to look rich, while getting deeper and deeper in debt. The rich, he said, first buy assets that produce income, so that later they can buy luxuries from the income derived from the assets.

While the traditionalists, such as poor dad, speak of the importance of getting a good education so that you can get a good job, rich dad did not worry about having a safe and secure job; nor did he believe that education was the key to success. According to

Kiyosaki, the main reason that people struggle financially is because they have spent years in school but learned nothing about money. The result is that people learn to work for money; but never learn to have money work for them.

“Rich Dad, Poor Dad” explodes the myth that you need to earn a high income to be rich. It challenges the belief that your house is an asset. And, it explains what kids need to know about money for their future success.

If you are already financially savvy, this book may offer you a few additional jewels of wisdom. But, if your financial acumen is not yet fine tuned, this is a must have reference book. The book should be of particular interest to those of you who are able to start early enough to allow the principles expressed by the author to work for you. It is an excellent entry point to the subject of financial literacy. If you really want to have a financial kick-start, this book could instantly become your most important wealth building tool.

Le Von Wilson is professor of Business Law in the College of Business at Western Carolina University. For previously reviewed books, visit our Web site at [www.wcu.edu/cob/bookreviews](http://www.wcu.edu/cob/bookreviews).