

THE CASHFLOW QUADRANT

Rich Dad's Guide To Financial Freedom

ROBERT KIYOSAKI and SHARON LECHTER

ROBERT KIYOSAKI, author of this book and *Rich Dad Poor Dad*, is the co-founder of an international educational company which teaches business and investment principles. He is an active investor in real estate and specializes in the development of small cap companies. He is also an accomplished public speaker in the areas of financial education and broad economic trends.

SHARON LECHTER, co-author, is a certified public accountant who specializes in the fields of education and publishing. She was actively involved in the development of the electronic talking book industry and currently pioneers advancing new technologies for initiatives to bring books back into the lives of children.

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MAIN IDEA

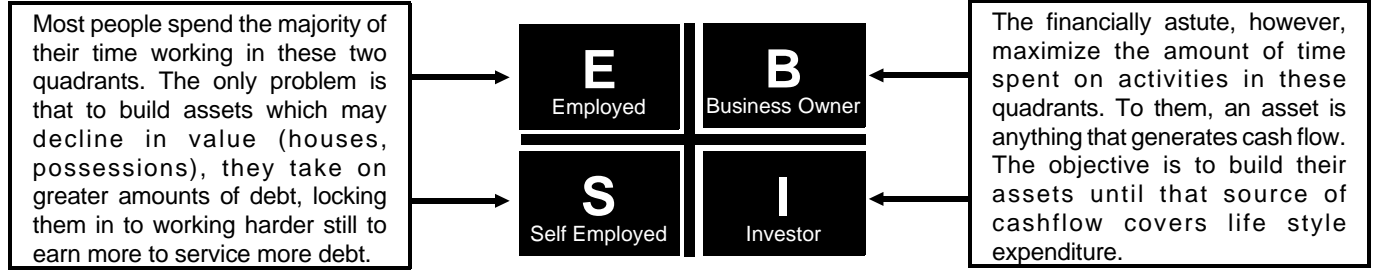
The *CashFlow Quadrant* is the four ways income can be generated:

E -- You can get a job.

S -- You can be self employed.

B -- You can build and own a business system of some type -- and have other people working for you.

I -- You can invest in other businesses -- effectively letting your money and other people's money work for you.



True wealth is measured in time rather than dollars. Specifically, wealth is the amount of time you can maintain your current standard of living without physically working. The greater this kind of wealth, the more financial freedom you achieve.

In short, to become financially wealthy, maximize the amount of time you spend acting as a "B" or an "I".

Section 1 -- The Central Objective of the CashFlow Quadrant Page 2

A person cannot achieve financial freedom on the left side of the *Quadrant*, only on the right hand side. Therefore, your long-term financial strategy should be to become a business owner and ultimately an investor.

Section 2 -- The Wealth Builder's Tool-Kit Page 3

To build wealth, these tools are required:

1. An appreciation for and understanding of the cash flow patterns of the poor, middle class and rich.
2. Knowledge about the 3 kinds of business systems.
3. The ability to differentiate between the 7 levels of investors.
4. An understanding of the true nature of money -- and why you cannot see money with your eyes.

Section 3 -- The Wealth Builder's Mind-Set Page 5

The wealth building mind-set is:

1. Be prepared to think for yourself and look at things from a different perspective to most people.
2. Realize that being wealthy is more about how and what you think than what you do.
3. The object of the game of business is not to become a banker -- it's to become the bank.

Section 4 -- The Wealth Builder's Fast Track Strategy Page 7

The seven steps to getting on the wealth building fast track are:

1. Become CEO of your own life and start setting goals.
2. Develop your own cash flow management plan.
3. Learn the distinction between "risk" and "risky".
4. Get educated in business and investing.
5. Seek mentors -- people who've been where you want to go.
6. Expect to make some mistakes along the way.
7. Believe in yourself and keep moving forward.

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