

Robert Kiyosaki, the author of “Rich Dad Poor Dad,” is one of the most controversial figures in the personal finance space. Despite this, his book is undoubtedly a great hit and well worth the read. Personally, it opened my eyes to many concepts. Even though these ideas were not new and had been discussed in other books such as “The Richest Man in Babylon” by George S. Clason, the power of “Rich Dad Poor Dad” lies in its delivery. The storytelling makes it an easy read, even for those who are not avid readers, like I was five years ago.

Nevertheless, I strongly believe in the financial wisdom provided by the book and highly recommend it to any young professional seeking to expand their practical knowledge about money and advance in their life. In this blog post, we will summarize the main points mentioned in his book. However, I truly believe that reading the book itself is the best way to fully grasp these money-related ideas in their original context. Enjoy the journey to financial literacy!

In this blog post, we will discuss:

- Rich Dad Poor Dad's Philosophy
- Are We Really Financially Educated?
- Personal Takeaways

Rich Dad Poor Dad's Philosophy

“Rich Dad Poor Dad” by Robert Kiyosaki presents a compelling contrast between two different financial philosophies through the characters of the “rich dad” and the “poor dad”.

The “poor dad”, Kiyosaki’s biological father, is a well-educated man with a high-income job. However, despite his income, he struggles financially. He represents the conventional belief system about money: go to school, get a good job, save money, buy a house, and invest in a diversified portfolio of stocks, bonds, and mutual funds. For example, he would advise to save money diligently, avoid taking financial risks, and rely on one’s employer for financial security.

On the other hand, the “rich dad”, the father of Kiyosaki’s childhood friend, is a businessman who understands the dynamics of money and uses this knowledge to build wealth. He didn’t have a college degree but he understood the importance of financial education. He embodies the philosophy that one should invest in assets that generate passive income. For instance, he would advocate for investing in real estate that can provide rental income or starting a business that can earn profits. He believed in taking calculated financial risks and learning from failures.

"Assets put money in your pocket, whether you work or not, and liabilities take money from your pocket."

Robert Kiyosaki

A key difference between the two philosophies is their approach to assets and liabilities. The “poor dad” considered his house an asset, while the “rich dad” considered it a liability. The “rich dad” defined an asset as something that puts money in your pocket (like rental income from real estate or dividends from stocks), and a liability as something that takes money out of your pocket (like mortgage payments or car loan payments).

In essence, “Rich Dad Poor Dad” advocates for the financial philosophy of the “rich dad” - emphasizing financial education, building assets, and generating passive income as the path to financial independence. It challenges conventional beliefs about money and encourages readers to think differently about wealth and investments.

Are We Really Financially Educated?

The principles outlined in the book “Rich Dad Poor Dad” underscore the paramount importance of financial education. The book argues that financial literacy, often overlooked in traditional school curriculums, is a critical life skill. It’s alarming to note that, according to a study by the National Financial Educators Council, the average American estimates that they lost \$1,634 in 2020 due to a lack of financial knowledge. This statistic underscores the urgent need for financial education in schools.

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The book emphasizes that understanding financial concepts like investing, creating passive income, and managing risk can significantly impact one’s personal wealth and financial security in the long run. By mastering these skills, individuals can break free from the cycle of living paycheck to paycheck, and instead, build a secure financial future. This is the essence of the “Rich Dad” philosophy.

Personal Takeaways

Reading ‘Rich Dad Poor Dad’ was an enlightening experience. The book’s unique approach to financial education, conveyed through engaging storytelling, was particularly appealing. The lessons were practical and applicable, making the complex world of finance accessible to the average reader.

While many readers, including myself, have found value in the financial wisdom provided by “Rich Dad Poor Dad”, it’s worth noting that there are critics. John T. Reed, a financial self-help writer, has stated, “Rich Dad, Poor Dad contains much wrong advice, much bad advice, and virtually no good advice.” He also mentioned:

“Rich Dad, Poor Dad is one of the dumbest financial advice books I have ever read.”

John T. Reed

This criticism mainly stems from the lack of concrete examples and step-by-step strategies for achieving financial independence in the book. While the book does an excellent job of shifting one's mindset about money, it has been argued that it falls short in offering a detailed roadmap to wealth creation. As with any book, it's important to approach it with a critical mind and take away what resonates with you.

In terms of readability, 'Rich Dad Poor Dad' scores high. Kiyosaki's conversational tone and use of anecdotes make the book a compelling read. The concepts are explained in simple language, making it easy for readers of all backgrounds to understand.

The advice in the book remains practical and relevant in today's economic climate. The importance of financial literacy, the focus on acquiring assets, and the idea of making money work for you - all these principles stand the test of time. In an era where financial security is increasingly important, the lessons from 'Rich Dad Poor Dad' are more pertinent than ever.

Check out the book from the below link. If you decide to buy it, we'll earn a small commission at no extra cost to you. Enjoy reading!

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- [Think and Grow Rich by Napoleon Hill – Book Summary and Review](#)
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