STEP 1

Why Your Banker Doesn't Ask You For Your Report Card

The Big Picture

"Do I have to go to school to become rich?"

- Prepare before Meeting
  - Read pages 15 & 16
  - Read Wisdom on pages 17 & 18
  - Read Bonus Info 19 & 20

- Discuss Step1

  Suggested Discussion Question:

  - Why doesn't your banker ask you for your report card?

- Watch DVD #1 - Step 1

  Suggested Discussion Question:

  - How does cash flow determine whether something is an asset or a liability?

- Play CASHFLOW 101

  Suggested Debrief Question:

  - What did you learn from the game?

Rich Tip #1

There are many people who make a lot of money but cannot hang on to their money.

We have all heard of lottery winners who lose all their money and sports stars who are bankrupt five years after retirement.

So, money doesn't make you rich. Financial IQ does.

Three Income Classes:

Poor:
The poor believe that the government or their family will take care of them.

Middle Class:
The middle class believes that a good education, high-paying jobs, company benefits, and home ownership give them their wealth. They believe in saving money, getting out of all debt, and typically see mutual funds as the basis of their retirement plans.

Rich:
The rich believe in financial education, business ownership, real estate investing, and financial freedom. They can pursue investments for accredited investors and often have personal portfolio managers and personal bankers.

"I have a high-paying job. Why am I not rich?"

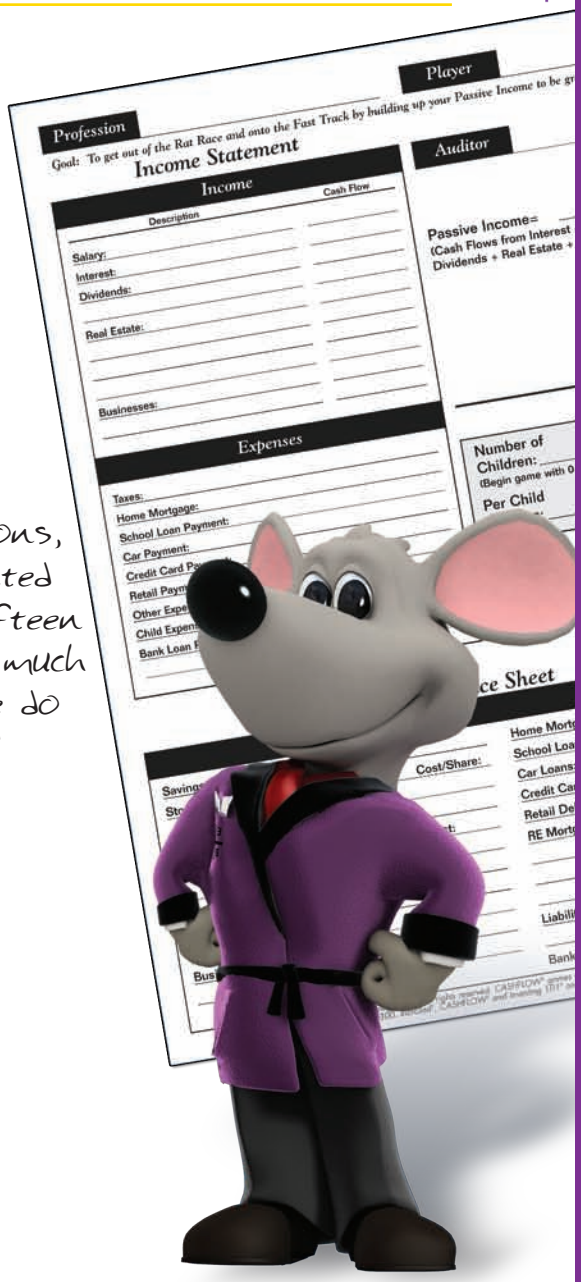
Your Financial Statement: Your Report Card When You Leave School

"Accounting is the Language of Business."
– Warren Buffett

Rich Dad's CASHFLOW game is the only game that teaches the basics of accounting.

"Congratulations, but we graduated from school fifteen years ago. How much passive income do you have?"

"I'm an 'A' student."



"Passive income? What's the big deal with passive income?"

Financial IQ: Lesson #1
Three types of income:
Earned • Portfolio • Passive

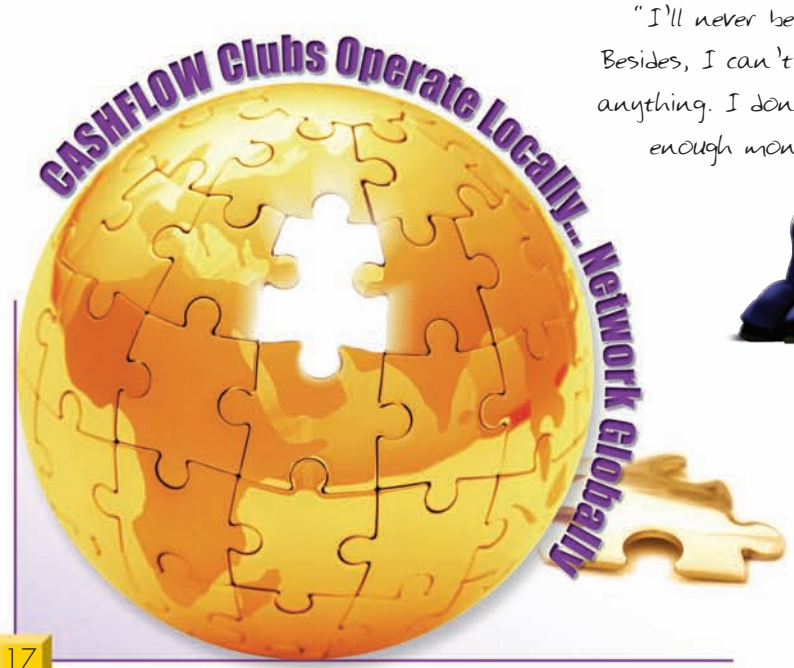
The poor and middle class work hard for earned income. The rich work for portfolio and passive income. Of the three, passive income is the best income because it is taxed at the lowest rate.

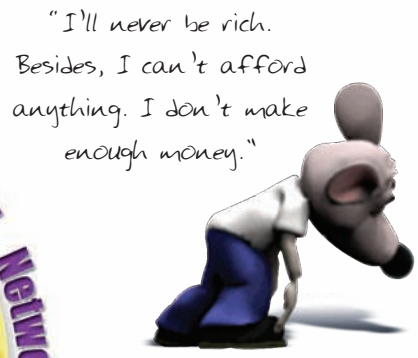
Your Thoughts Are The Most Powerful Force On Earth

The purpose of Rich Dad's CASHFLOW Club 10-Step program is not to tell you what to do with your money. We are not investment advisors. We do not sell or recommend investments. We are a financial education company. We offer financial education.

The purpose of the CASHFLOW 10-Step program is to expand your mind and your thoughts about money. If you expand your mental capacity about money, you expand your capacity to have more money and to have more power over your money.

As you know, your thoughts are the most powerful force you have. The purpose of this 10-Step program is to have your thoughts about money working for you, rather than working against you.





Three Ways To Invest

1. **Do Nothing**
   Choosing not to invest either time or money into the subject of money is the primary reason most people struggle financially. Unfortunately, our school systems invest little time or money into the subject of money. (That is one reason why there are more poor people than rich people.)

2. **Turn Your Money Over to an Expert**
   Since most people think investing is risky, most people seek safe money strategies, such as saving money, getting out of debt, and turning their money over to people they hope are financial experts.

   The financial services industry thrives on fear, ignorance, and a lack of financial education. The financial services industry wants you to believe that investing is risky. The less financial education you have, the more fear you have, and the more you want to turn your money over to financial experts.

   The problem is, many people who profess to be financial experts are not rich people. They are sales people. Their job is not to educate you. They don't get paid to be teachers. They get paid to sell you what their company wants them to sell you.

3. **Invest Your Time Before You Invest Your Money**
   Most of us are very busy today. For many of us, time is more valuable than money. This may be why so many people simply turn their money over to people who they hope are financial experts.

"Pssst! Some day I'll be rich. Why don't you go out with me?"

We believe it is smarter to invest time in your financial education before you invest your money. It is smarter to know what a good investment is. It is important to know what good financial advice is and who are smart financial advisors.

The 10-Step program for Rich Dad's CASHFLOW Clubs has been created for busy people who are smart enough to invest some time in their financial education, before they invest their money.

Bonus Info:
To Change Your Life

Sometimes we want to change... but sometimes it's just not that easy.

For example:
You may want to lose weight… but can't.
Or you may want to stop smoking… but can't.

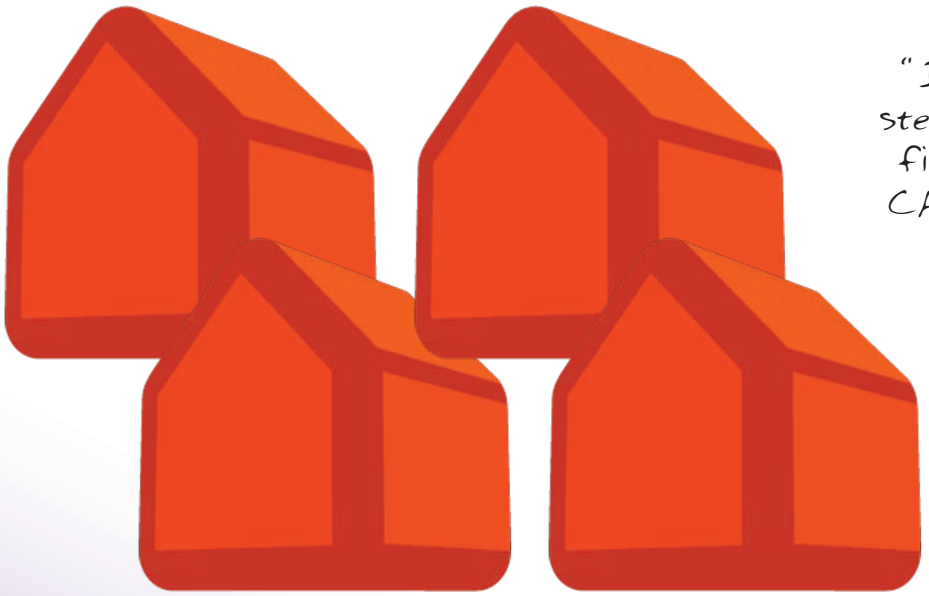
The same is true for becoming rich. Many people want to become rich… but can't.

A friend of mine is a senior official in New York state prisons. She is in charge of training and rehabilitation. The core theme of her lessons is, "Environment is stronger than will." She says, "If you go back to your old neighborhood and hang out with your same friends, you will return to prison. Environment is stronger than will."

In other words, if you want to change your life, change your environment.

- If you want to lose weight, spend more time at a gym.
- If you want a stronger spirit, spend more time in church and meet new people who spend more time in church.
- If you want to be a great golfer, spend more time at the golf course and hang out with people who love golf.

Environments that Affect Wealth



Bonus Info:
To Change Your Life

- It's harder to become rich if you live in a poor neighborhood.
- It's harder to become rich if you work in a poor work environment.
- It's harder to become rich if you spend time with people who are not interested in becoming rich.
- It's harder to become rich if your thoughts, your mental environment, are filled with poor thoughts.

CASHFLOW Club Environment

School is an environment. I did not do well in school. I found school too slow and too boring. Also, I did not want to learn how to be a better employee. I wanted to learn to be an entrepreneur and an investor.

One of the purposes of CASHFLOW Clubs is to provide a rich educational environment that is more fun. Learning by making mistakes is encouraged. A CASHFLOW Club is an environment where people who want to become rich come to strengthen their spirits and minds and meet others who share similar interests. One of the benefits of going through the 10-Step program is you have ten opportunities to strengthen the rich person within you and to meet more people just like you. When you take on Rich Dad's CASHFLOW Challenge, you share a global network with people of shared values… a global network of people just like you.

If you should decide to teach a 10-Step program, you will reinforce what you have learned by sharing what you have learned to others.

Remember, a home is an environment. Just by creating a financially positive learning environment in a home, even if it is only for two or three people, you change the future of that family. Change the environment, and lives will change.