Intro:

Robert Kiosaki has one glaring message. The U.S. needs financial education. Right now our education system is broken and nothing is being taught that prepares people for financial freedom. All of Robert’s books are good and teach basics about financial education and the need for continuous learning. Rich Dad / Poor Dad is another famous book by this author. We will profile that book in a separate summary. The Cashflow Quadrant is a very important concept that people need to cement in their memory if they want to get a handle on financial freedom. The quadrant consists of the following:
1.) E – Stands for employee 2.) S – Stands for small business or self-employed 3.) B – Stands for big business (500 employees or more) 4.) I – Stands for investor

Traditional education prepares us for the E and S quadrant. The mantra has been go to school and then college to hopefully get a good job and save in a 401K for retirement. As many of you know this is not a good model in this day and age. On a side note, I was very fortunate to grow up with an excellent financial teacher. My father taught the principles that Mr. Kiyosaki teaches in his books Rich Dad / Poor Dad, The Cashflow Quadrant and this book Unfair Advantage. I can also tell you that most people are financially uneducated. Authors like Mr. Kiyosaki as well as Dave Ramsey are really needed and our doing what should be taught in our school system
at a national level.
Why is this important to me?

This can be answered by asking a few more questions. **Do you know the difference between good debt and bad debt? Can you define an asset and liability in simple terms?**

**Do you know there are three types of taxes for income?**

If you are unclear on any of these then you need to read this book. In short form, I will answer all of these questions. Good debt is anything that spits of positive cash flow and increases in value. Thus if you have a debt on a rental house that yields positive monthly cash flow then that is good debt. If you have credit card debt that you don’t pay off each month then that is bad debt. In a nutshell, good debt makes you money and bad debt costs you money.

Assets and liabilities! Anything that generates positive cash flow is an asset while anything that costs you money is a liability. Example: A business that generates monthly profit is an asset. Your home is a liability. I know many of you will disagree with this but your home costs you money each month. This is not a bad thing but because you need a place to live but it is a liability.

The three types of income include: Ordinary, Portfolio and Passive. We will get into more detail on how these play a role in your financial freedom later in this summary. This book is important to you if you want to be financially free and escape the rat race of running out of money before the end of each month.
There is several examples and details outlined in Unfair Advantage but for the sake of time we will cover each in summary.

1. **Knowledge** – Knowledge put to use equates to power. There are several ways to make money be it in a business, real-estate, stock market, content creation, licensing deals, internet marketing or several other endeavors. The point here is that nothing happens without educating yourself. Warren Buffet the second riches man in the world is known for his constant reading and learning abilities. The premise of Unfair Advantage is with very high financial education, money flows in rather than out. You can pay zero in taxes and earn millions with very low risk by using other people’s money in good or bad economics. This creates an extreme unfair advantage.

2. **Taxes** – Taxes are government incentives to get people to do what they want them to do. Thus because businesses create jobs and wealth, they have tax strategies as incentives to keep the economy going. There is one huge premise that people need to understand. I will lay out the difference. When you are an employee, you work, pay your taxes and then get your money to pay your expenses. When you are a business, you work, pay all your expenses and then pay taxes on what is left. This is totally legal and can boost rates of return legally. Remember one thing - Tax avoidance is prudent while tax evasion means jail time.

3. **Debt** – Good debt creates true wealth by allowing you to use OPM (Other People’s Money). This is very powerful and requires discipline. This is one area I
wish this book talked about in more detail. Please note that debt used wisely can create leverage and unlimited wealth. To much debt used wrong can create financial ruin. Also, know that 85+% of the U.S. population has too much BAD debt. This is not what we are talking about. This needs to be taken care of as well to truly achieve financial freedom. The use of debt is an advanced strategy and needs to be used wisely which requires financial education.
4. **Risk** – The biggest risk in investing comes from the financially uneducated giving their money to financial planners and hoping things work out. This by far has caused large losses for people. Inflation is running rampant right now even though the government says it is not. This is a bigger risk for savers than taxes. Saving money as an investment is a bad idea because over time the value is eaten away through inflation. 401K’s and mutual funds along with diversification are all pitched as NOT risky. This is furthest from the truth. 1. Mutual funds are subject to double taxes as well as fees which eat away at your returns. Also, you are not in control of your money. Note: This does not mean that ALL funds are bad. This is where financial education comes in. Several financial planners will tell their customers to diversify. According to Warren Buffet – “**Diversification is a protection against ignorance.**”

5. **Compensation** – The rich don’t work for money. Think about hard work for a moment. If you work overtime then you are trading hours for dollars. The problem becomes that your marginal tax rate increases as you make more ordinary income. Your overtime is taxed higher as you work more. I am not against hard work. Just make sure you couple it with SMART and RIGHT WORK as well. The rich work to buy assets that create cash flow. Your goal should be to have your money work harder than you do and make you more money as soon as possible.

**What asset will pay for your liability?** This concept was first covered in Rich Dad / Poor Dad. This simple question changes the whole frame of mind and if people
followed it then they would be in much better shape financially. This means that if you want a new boat then what asset will pay for the boat? Once you grasp this simple idea then your world will change.
I hope you have found this short video summary useful. The key to any new idea is to work it into your daily routine until it becomes habit. Habits form in as little as 21 days. I highly recommend ingrain the knowledge of **compounding** in your head. Answer the following correctly and you understand the power of compounding. Would you rather have $1,000,000 cash today or a penny doubled daily for 31 days? You can email me at jmosed@successprogress.com with your answer.

If you enjoyed this video then please do not hesitate to pass it along and if you want more detail then click on the link below and purchase Robert’s book “Unfair Advantage”

Thanks for watching and have a great day!