

September 22, 2019

# **17 Lessons That Need to Be Taught in Schools**

- The curriculum needs to change NOW!
- How much more successful do you think you could have been if you had financial education in school?
- Every child has a genius, they just need to find it...



**Robert Kiyosaki**

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Dear Reader,

School is a great experience for some children. For others, school is the worst experience of their lives. Every child has a genius. Unfortunately, their genius may not be recognized by the

educational system.

Their genius may even be crushed.

Thomas Edison, one of the great geniuses of modern times, was labeled “addled” by his first teacher. Addled means “mixed up or confused.” He never finished school, and instead became an inventor and an entrepreneur. The company he founded, known today as General Electric, creates products that have changed the world. A few of Edison’s early projects were the phonograph, the motion picture camera, and the electric light bulb.

Albert Einstein also failed to impress his teachers. From elementary school through college, his teachers thought he was lazy, sloppy, and insubordinate. Most of his teachers said, “He will not amount to anything.” Yet Einstein became one of the most influential scientists in history.

Genius is an acronym for “Geni-in-us”—the genie or magician in each of us.

All parents have met the genius in their child. Most parents know that a child’s true genius is found in their dreams. We see glimpses of it from an early age ... the ideas and things that delight them, fascinate them and challenge them.

Protecting and nurturing the genius in your child is a parent’s most important job.

## **An Educational Crisis**

The “business” of education is one of the biggest industries in the world, impacting the lives of nearly every person on the planet in one way or another. In the United States, public elementary and

secondary schools alone—which employ 3.2 million full-time teachers—spent \$670.9 billion in 2016 according to the U.S. Census Bureau.

And that's only in the United States. Globally that number grows exponentially.

Not only are hundreds of billions of dollars spent on elementary through university education, but the military also spends billions of dollars to train young men and women to serve their country. Corporate training of employees is another billion-dollar industry as are the trade-schools that teach future technicians to repair and maintain our cars, refrigerators, electrical systems, and computers.

But financial education, at least in the established, formal arenas of school systems and curricula, is largely ignored. Again, we advise kids to go to school to get a job and work for money, yet we teach them little or nothing about money.

The statistics tell a sad and sobering story: While 90 percent of students want to learn more about money, 80 percent of teachers do not feel comfortable teaching the subject. Someday, financial education will be part of the curriculum of all schools, but not in the near future.

If I ran the school system, I'd create a financial education program that included the 15 following lessons. Even if you're not in school anymore, these would be valuable things for you to study and learn on your own as part of your journey towards financial literacy.

## **Lesson 1: The History Of Money**

It's important to understand how money works, and part of doing that is by studying how it's worked in the past. Money has

progressed over the centuries from something pretty simple, like bartering, to something pretty complicated, like derivatives. It's gone from being an object to an idea, so it's not tangible and intuitive. It's important to study money to grow rich. Some dates that are important:

1903 - Rockefeller's General Education Board takes over the U.S. education system

1913 - The Federal Reserve is formed

1929 - The Great Depression

1944 - The Bretton Woods agreement

1971 - Nixon takes the dollar off the gold standard

1974 - Congress passes the Employee Retirement Income Security Act

## **Lesson 2: Understanding Your Personal Financial Statement**

My rich dad often said, "Your banker never asks to see your report card. A banker wants to see your financial statement—your report card when you leave school."

One of the foundational elements of financial literacy is understanding how to read and understand a personal financial statement.

## **Lesson 3: Know The Difference Between An Asset And A Liability**

One reason many people are in financial trouble is that they

confuse liabilities with assets. For instance, many people think their house is an asset when it's really a liability. A simple definition of an asset is anything that puts money in your pocket. A simple definition of a liability is anything that takes money out of your pocket.

## **Lesson 4: Seek Cash Flow... Then Capital Gains**

Many people invest for capital gains, meaning they're betting on the price of something to go up. Unfortunately, today, many people aren't winning on those bets. Investing for capital gains is akin to gambling, only not as much fun. Instead of investing for capital gains, the wealthy invest for cash flow and capital gains are icing on the cake, if they do happen.

## **Lesson 5: Three Types Of Income**

Not everyone earns money through a paycheck. In fact, my rich dad taught me that there are three types of income: earned, portfolio, and passive.

If you have a job and receive a paycheck, you make money through earned income. If you make money through the sale of capital gains, you make money through portfolio income. The third type of income, passive, is when you make money regardless of whether you work or not.

## **Lesson 6: The CASHFLOW® Quadrant**

According to my rich dad, there are two types of people, those who view the world through the two different sides of Rich Dad's CASHFLOW Quadrant.

To summarize, on the left side of the quadrant are Es and Ss. They pay the most in taxes and trade their time for money. And each has a different mindset.

On the right side, however, are the Bs and Is. They pay far less in taxes but create (or invest) in assets that make money for them even when they're sleeping.

## **Lesson 7: Savers Are Losers**

In 1971, President Nixon changed the rules of money. That year, he closed the gold window instantly turning our dollar (which was backed by gold) into a currency. This was one of the most important monetary shifts to happen in modern history, yet few people understand why.

The reason savers are losers is because of this change. The value of the dollar continues to lose its value because of inflation.

Basically, what your money can buy in the future is less than it can purchase now.

## **Lesson 8: Your Wealth Number**

True wealth isn't determined by your net worth or how big your bank account reads. True wealth is determined by your wealth number.

As we discussed above, if you are making money through passive income and it's more than you spend every month, you have an infinite wealth number.

## **Lesson 9: The Difference Between Fundamental And Technical Investing**

Fundamental investing is the process of analyzing a company's financial performance, and that begins with understanding a financial statement. Technical investing is measuring the emotions or moods of the markets by using technical indicators. You can invest successfully doing both types of investing, but both take commitment and continued financial education.

## **Lesson 10: Know How To Measure An Asset's**

# Strength

There are four asset classes: Business, real estate, paper assets, and commodities. To grow rich, you must study these classes, choose what is best for you, and work towards becoming an expert.

There is no shortage of opportunities in the world of investing. The question then becomes, which investments are worth pursuing? A key component of a full financial education is understanding how to measure whether an asset is strong or not. One of the best ways to do this is to refer to the B-I Triangle, which looks at an asset's full properties: Team, leadership, mission, cash flow, communication, systems, legal, and product.

## **Lesson 11: Know How To Choose Good People**

Partners are crucial to business success. My rich dad used to say, "The best way to know a good partner is to have had a bad partner." You need to learn from every interaction. A good deal can blow up if you have a bad partner. So choosing partners and team members well is crucial.

## **Lesson 12: Know When To Focus And When To Diversify**

Ideally, you'll want to be diversified in all four asset classes, but you'll want to focus on becoming an expert in one at a time. An old adage is that if you try to please everyone, you'll please no one. The same could be said for investing.

## **Lesson 13: Minimize Your Investment Risk**

In investing and business, there is always an element of risk. A smart investor knows how to minimize risk by hedging. There are a number of ways you can do that within each asset class. Study up

on ways to minimize risk in your chosen asset class.

## **Lesson 14: Make More Money With Taxes**

My rich dad would always tell me, "It's not about how much you make, it's about how much you keep." Taxes are your biggest expense. That's why it's important to your financial education to understand how you can best limit that expense.

A financially intelligent person understands how to use the tax code to his or her advantage.

## **Lesson 15: The Good, The Bad, And The Truth About Debt**

As many of you know, there is good debt and there is bad debt. The key to using debt is knowing how to borrow wisely and how to pay back the money. Without a solid plan to pay back debt, you'll soon have no credibility. A solid financial education will include understanding debt and how to pay that debt back.

## **Lesson 16: Know How Your Wealth Is Stolen**

There are four things that steal your wealth: Taxes, debt, inflation, and retirement. A proper financial education will stress understanding how to use these wealth-stealing forces to make money rather than lose money.

## **Lesson 17: Know How To Make Mistakes**

It's impossible to learn without making mistakes along the way. The key is to learn the lessons of those mistakes, and not let them take you out of the game. Look at failure as a learning opportunity.

Regards,

A handwritten signature in black ink, appearing to read "Robert Kiyosaki". The signature is fluid and cursive, with the first name "Robert" written in a larger, more prominent script than the last name "Kiyosaki".

Robert Kiyosaki,

*Editor, Rich Dad Poor Dad Daily*

