



Break the Rat Race Taboo

by Robert Kiyosaki

Introduction

From Rich Dad Poor Dad

"Learn anything yet?" rich dad asked Mike, his son, and I after a hard days work in his store. He had taken us to the park for some ice cream, but he was really taking us there to make sure we were learning one of life's most valuable lessons.

"Well, you boys had better start thinking. You're staring at one of life's biggest lessons. If you learn it, you'll enjoy a life of great freedom and security. If you don't, you'll wind up like Mrs. Martin (an employee of his) and most of the people playing softball in this park. They work very hard for little money, clinging to the illusion of job security and looking forward to a three-week vacation each year and maybe a skimpy pension after forty-five years of service. If that excites you, I'll give you a raise to 25 cents an hour."

"But these are good hardworking people. Are you making fun of them?" I demanded.

A smile came over rich dad's face.

"Mrs. Martin is like a mother to me. I would never be that cruel. I may sound unkind because I'm doing my best to point something out to the two of you. I want to expand your point of view so you can see something most people never have the benefit of seeing because their vision is too narrow. Most people never see the trap they are in."

Mike and I sat there, uncertain of his message. He sounded cruel, yet we could sense he was trying to drive home a point.

With a smile, rich dad said, "Doesn't that 25 cents an hour sound good? Doesn't it make your heart beat a little faster?"

I shook my head no, but it really did. Twenty-five cents an hour would be big bucks to me.

"Okay, I'll pay you a dollar an hour," rich dad said, with a sly grin.

Now my heart started to race. My brain was screaming, "Take it. Take it." I could not believe what I was hearing. Still, I said nothing.

"Okay, two dollars an hour."

My little brain and heart nearly exploded. After all, it was 1956 and being paid \$2 an hour would have made me the richest kid in the world. I couldn't imagine earning that kind of money. I wanted to say yes. I wanted the deal. I could picture a new bicycle, new baseball glove, and the adoration of my friends when I flashed some cash. On top of that, Jimmy and his rich friends could never call me poor again.

But somehow my mouth stayed shut.

The ice cream had melted and was running down my hand. Rich dad was looking at two boys staring back at him, eyes wide open and brains empty. He was testing us, and he knew there was a part of our emotions that wanted to take the deal. He understood that every person has a weak and needy part of their soul that can be bought, and he knew that every individual also had a part of their soul that was resilient and could never be bought. It was only a question of which one was stronger.

"Okay, five dollars an hour."

Suddenly I was silent. Something had changed. The offer was too big and ridiculous. Not many grown-ups in 1956 made more than that, but quickly my temptation disappeared, and calm set in. Slowly, I turned to my left to look at Mike. He looked back at me. The part of my soul that was weak and needy was silenced. The part of me that had no price took over. I knew Mike had gotten to that point too.

"Good," rich dad said softly. "Most people have a price. And they have a price because of human emotions named fear and greed. First, the fear of being without money motivates us to work hard, and then once we get that paycheck, greed or desire starts us thinking about all the wonderful things money can buy. The pattern is then set."

"What pattern?" I asked.

"The pattern of get up, go to work, pay bills; get up, go to work, pay bills. People's lives are forever controlled by two emotions: fear and greed. Offer them more money and they continue the cycle by increasing their spending. This is what I call the Rat Race."

"There is another way?" Mike asked.

"Yes," said rich dad slowly. "But only a few people find it."

"And what is that way?" Mike asked. "That's what I hope you boys will learn as you work and study with me."

That is why I took away all forms of pay."

"Any hints?" Mike asked. "We're kind of tired of working hard, especially for nothing." "Well, the first step is telling the truth," said rich dad.

"We haven't been lying," I said.

"I did not say you were lying. I said to tell the truth," rich dad retorted.

"The truth about what?" I asked.

"How you're feeling," rich dad said. "You don't have to say it to anyone else. Just admit it to yourself."

"You mean the people in this park, the people who work for you, Mrs. Martin, they don't do that?" I asked.

"I doubt it," said rich dad. "Instead, they feel the fear of not having money. They don't confront it logically. They react emotionally instead of using their heads," rich dad said. "Then, they get a few bucks in their hands and again, the emotions of joy, desire, and greed take over. And again they react, instead of think."

"So their emotions control their brain," Mike said.

"That's correct," said rich dad. "Instead of admitting the truth about how they feel, they react to their feelings and fail to think. They feel the fear so they go to work, hoping that money will soothe the fear, but it doesn't. It continues to haunt them and they return to work, hoping again that money will calm their fears, and again it doesn't. Fear keeps them in this trap of working, earning money, working, earning money, hoping the fear will go away. But every day they get up, and that old fear wakes up with them. For millions of people that old fear keeps them awake all night, causing a night of turmoil and worry. So they get up and go to work, hoping that a paycheck will kill that fear gnawing at their soul. Money is running their lives, and they refuse to tell the truth about that. Money is in control

of their emotions and their souls.”

Rich dad sat quietly, letting his words sink in. Mike and I heard what he said but didn’t understand fully what he was talking about. I just knew that I often wondered why grown-ups hurried off to work.

It did not seem like much fun, and they never looked that happy, but something kept them going.

Realizing we had absorbed as much as possible of what he was talking about, rich dad said, “I want you boys to avoid that trap. That is really what I want to teach you. Not just to be rich, because being rich does not solve the problem.”

“It doesn’t?” I asked, surprised.

“No, it doesn’t. Let me explain the other emotion: desire. Some call it greed, but I prefer desire. It’s perfectly normal to desire something better, prettier, more fun, or exciting. So people also work for money because of desire. They desire money for the joy they think it can buy. But the joy that money brings is often short-lived, and they soon need more money for more joy, more pleasure, more comfort, and more security. So they keep working, thinking money will soothe their souls that are troubled by fear and desire. But money can’t do that.”

“Even rich people do this?” Mike asked.

“Rich people included,” said rich dad. “In fact, the reason many rich people are rich isn’t because of desire, but because of fear. They believe that money can eliminate the fear of being poor, so they amass tons of it, only to find the fear gets worse. Now they fear losing the money. I have friends who keep working even though they have plenty. I know people who have millions who are more afraid now than when they were poor. They’re terrified of losing it all. The fears that drove them to get rich got worse. That weak and needy part of their soul is actually screaming louder. They don’t want to lose the big houses, the cars and the high life money has bought them. They worry about what their friends would say if they lost all their money. Many are emotionally desperate and neurotic, although they look rich and have more money.”

“So is a poor man happier?” I asked.

“No, I don’t think so,” replied rich dad. “The avoidance of money is just as psychotic as being attached to money.”

As if on cue, the town derelict went past our table, stopping by the large rubbish can and rummaging around in it. The three of us watched him with great interest, when before we probably would have just ignored him.

Rich dad pulled a dollar out of his wallet and gestured to the older man. Seeing the money, the derelict came over immediately, took the bill, thanked rich dad profusely, and hurried off, ecstatic with his good fortune.

"He's not much different from most of my employees," said rich dad. "I've met so many people who say, 'Oh, I'm not interested in money.' Yet they'll work at a job for eight hours a day. That's a denial of truth. If they weren't interested in money, then why are they working? That kind of thinking is probably more psychotic than a person who hoards money."

As I sat there listening to my rich dad, my mind flashed back to the countless times my own dad said, "I'm not interested in money." He said those words often. He also covered himself by always saying, "I work because I love my job."

"So what do we do?" I asked. "Not work for money until all traces of fear and greed are gone?"

"No, that would be a waste of time," said rich dad. "Emotions are what make us human. The word 'emotion' stands for 'energy in motion.' Be truthful about your emotions and use your mind and emotions in your favor, not against yourself."

"Whoa!" said Mike.

"Don't worry about what I just said. It will make more sense in years to come. Just be an observer, not a reactor, to your emotions. Most people do not know that it's their emotions that are doing the thinking. Your emotions are your emotions, but you have got to learn to do your own thinking."

"Can you give me an example?" I asked.

"Sure," replied rich dad. "When a person says, 'I need to find a job,' it's most likely an emotion doing the thinking. Fear of not having money generates that thought."

"But people do need money if they have bills to pay," I said.

"Sure they do," smiled rich dad. "All I'm saying is that it's fear that is all too often

doing the thinking.”

“I don’t understand,” said Mike.

“For example,” said rich dad. “If the fear of not having enough money arises, instead of immediately running out to get a job, they instead might ask themselves this question: ‘Will a job be the best solution to this fear over the long run?’ In my opinion, the answer is no. A job is really a short-term solution to a long-term problem.”

“But my dad is always saying, ‘Stay in school and get good grades, so you can find a safe, secure job,’” I interjected, somewhat confused.

“Yes, I understand he says that,” said rich dad, smiling. “Most people recommend that, and it’s a good path for most people. But people make that recommendation primarily out of fear.”

“You mean my dad says that because he’s afraid?”

“Yes,” said rich dad. “He’s terrified that you won’t earn enough money and won’t fit into society. Don’t get me wrong. He loves you and wants the best for you. I too believe an education and a job are important, but it won’t handle the fear. You see, that same fear that makes him get up in the morning to earn a few bucks is the fear that is causing him to be so fanatical about your going to school.”

“So what do you recommend?” I asked.

The following book is based on his answer.

What is the Rat Race

There is a pattern you may have seen or even participated in. The pattern of get up, go to work, pay bills; get up, go to work, pay bills. People’s lives are forever controlled by two emotions: fear and greed. Offer them more money and they continue the cycle by increasing their spending. This is what I call the Rat Race.

Most people have a price. And they have a price because of human emotions named fear and greed. First, the fear of being without money motivates us to work hard, and then once we get that paycheck, greed or desire starts us

thinking about all the wonderful things money can buy. The pattern is then set. We are in the Rat Race. And while it was so easy to get in, most people never make it out.

Over the years, many people have told me that they would love to follow the Rich Dad message but they can't because they're caught in the Rat Race. They go to work. They pay their bills. They get further in debt and as a result, they go back to work again—day after day after day. What they fail to realize is the real reason they are caught in the Rat Race. They fail to recognize that why some people make more money and escape the Rat Race all goes back to a person's ideas. The Rat Race Taboo is those thoughts that keep you in the Rat Race

When people think about escaping from the Rat Race or even making more money, they oftentimes come up with sayings like these:

- "I can't start a business. Are you crazy? I have a wife and three kids to feed."
- "I can't wait five years before I get another paycheck."
- "I don't have any money to invest."
- "I need more information before I do anything."
- "I tried that before. It will never work."
- "I don't need to know how to read financial statements. I can get by."
- "I don't have to worry, I'm still young."
- "I'm not smart enough."
- "I would do that if I could find the right people to do it with me."
- "My husband would never go along with that."
- "My wife would never understand."
- "It's just too late for me."
- "It's not worth it. I'll never be rich anyway."

When people come up with those kinds of objections, there's some validity to it. The reason there is some validity is because most people have been trained to think like employees. They've never been taught how to be business owners or to develop the financial skills necessary to be rich.

The second reason people are not able to escape the Rat Race is simply that they don't have control over themselves or control over their emotions. If a person cannot control their emotions or control themselves, then escaping the Rat Race is very difficult.

The Frugality Taboo

My rich dad said there's many ways you can get rich. You can get rich by marrying somebody. You can get rich by being cheap. You can get rich by being generous. You can get rich by being smart. A very popular idea today is trying to become rich by being cheap. Just go online or walk into a bookstore and you'll find tons of books that stress frugality. My rich dad said, "The problem with getting rich by being cheap is that in the end, you're still cheap." In other words, why in the world would you want to have a lot of money and be cheap? It doesn't make any sense to me.

Today, a vast number of people talk about cutting back, living a simpler life and all that. While it is possible to get rich that way, my rich dad said, "It's people who are rich and cheap that give the rich a bad name." If you remember from the Charles Dickens' story, A Christmas Carol, everybody hated Scrooge not necessarily because he was rich, but because he was so cheap. Today, there's many people advocating that living below your means, driving a pickup truck, living in a cheap neighborhood, and all that other stuff is the way to get rich.

In my opinion, that's selling your soul to money. It's no different than marrying somebody for money. In the end, you are still working for money. Rich dad had his own definition for being rich. He said, "The minimum value for being rich is one million dollars in passive income," which means income of a million dollars whether you work or not. To do that, you have to be a very smart business owner and investor. In other words, you have to learn how to have money work for you. Rich dad didn't believe in living frugally. He believed in abundance.

Rich dad believed that money was easy to make and should be enjoyed. Frugality has its place, but is not the best way to get rich. The way to get rich is financial intelligence and literacy. If you open your mind to the abundance that is out there, life gets easier and easier and you can enjoy a better life.

Beliefs About Money

Our ideas about money come from our beliefs. When I was in Sunday School, I often heard the teacher say, "The love of money is the root of all evil." In other words, if you're a rich man you were probably evil. I would sit there listening to that stuff and really question my beliefs.

I hear other people say, “If I become rich, then I’ll have more stress. I’ll have less time with my family,” and yet when I look at my rich friends, people who don’t have jobs but have massive amounts of income coming in from their assets, they spend much more time with their families. They have more free time. They live a better lifestyle. They are able to buy better health care, better education for their kids. I don’t see more stress and less time. I see the exact opposite.

A lot of people also say, “If my kids are rich, they’ll be juvenile delinquents.” I’ve not seen a scarcity of juvenile delinquents coming from poor families. I think that has more to do with the parents than their bank accounts.

The bottom line is people adopt beliefs to rationalize their behavior. This usually happens when they’re scared or want to stay inside their comfort zone. It’s just a fancy way to make excuses. Becoming rich starts with letting go of beliefs that are holding you back and adopting the beliefs commonly held by business owners and investors—beliefs held by the rich.

Become an Investor

My poor dad wanted me to become an employee. My rich dad on the other hand said, “Why not learn to be an investor first?” The thing I have noticed with most rich families is before parents talk to the child about going to school, getting a job, or becoming a professional, they’ve already set up a portfolio for their children. My friend’s daughter has a \$3.5 million portfolio. She’s only 8 years old, but she’s learning how to talk to her fund manager about her portfolio. She’s learning about investing before she even thinks about what she wants to be when she grows up. My rich dad said, “Ultimately, at the end of your life, regardless of what you did for a living, you want to become an investor.” In other words, you want to be able to retire. You want to have your money working hard for you. That’s what an investor does and has.

Rich dad’s thought was, “If the end goal is to become an investor, why not start there?” That’s one of the big differences I’ve noticed between the poor, the middle class, and the rich. The rich teach their children to be good stewards of their money by becoming investors. My poor dad always said to me, “Get good grades, so you can get a good, safe, secure job with excellent benefits. Then you don’t have to worry about investing because the company or the government will take care of your investing for you.” That’s why he struggled. That’s why so many people in the world today struggle. They went to school and got the good grades,

but they didn't learn about becoming an investor.

What you teach your children is an indicator of what you believe is important. What are your thoughts and what words do you use? Are you saying to your child to get good grades and go to school and get a job? Are you encouraging them to learn how to invest their money? What you stress to your children is important because that's really where their beliefs about money begin to take shape. It has nothing to do with the amount of money, it has to do with what you think is important. You don't have to have any money, all your child needs to know is what's important.

How Can I Afford It?

The problem in the world today isn't the lack of money, it is too much money. Too many people think there isn't enough money to go around. The reality is that it's so easy to raise money. Why would anybody say there is not enough money? When I say to people it doesn't take money to make money, what I am really saying is that it takes creativity and some technical skills. For example, many of us dream about having a home out in the country. I had that dream, too. I wanted a place to get away from it all. The difference is most people say they don't have the money and let go of their dream. They simply say, "Well, I can't afford it." And that is why they will always be poor. I, on the other hand, asked, "How can I afford it?"

"I can't afford it" comes from a self-centered, small thinking point of view. If you want to be rich, think big and then think bigger. When I wanted my 50 acres, instead of buying the 50 acres I wanted, I bought 87 acres. I think abundantly because life is abundant. There is plenty of land out there. I bought 87 acres for \$115,000 and since we all know that good things come in small packages, I chopped it up.

I knew that 30 acres would sell for \$215,000. So, I gave the seller a note, an IOU, that promised to pay him in a year. Nothing today. It was a no-money down deal. I then surveyed the land, which cost me \$1,000, and chopped off 30 acres. I then sold those 30 acres for \$215,000. I put \$100,000 in my pocket, gave the seller his \$115,000 and I got my 57 acres for free.

I didn't tell myself I couldn't afford it or it couldn't be done. I had just conditioned myself to thinking bigger and thinking outside the box. Becoming rich is all about

thinking from abundance and understanding simple business and investing principles.

The Security Trap

There are opportunities in front of all of us, all of the time. So when people ask me, "What advice do you have for me?" I say, "You should have bought Apple 10 years go."

Because people learn in school that mistakes are bad, they don't take any action. They're so afraid of doing the wrong thing they let opportunities pass them by. So when it comes to finances, they say, "Well, I would've, I should've, and I could've." That was what my poor dad did as well. He was full of stories about, "Do you know I was offered this piece of land in Waikiki, and I would've bought it, and I could've bought it, and I should've bought it." The difference is my rich dad bought it.

Let me make a broad generalization for those stuck in the Rat Race. All too often they take a job for security. However, the irony is that they feel less secure today than ever before. The Great Recession took care of that. For those that do feel comfortable in their jobs, they want less stress and more time. But to remain comfortable in their jobs, they end up working longer and having more stress. Add to that the fact that when they work harder, they pay higher taxes. It's next to impossible to get ahead because the government doesn't let up on you.

Just the other day, I was watching television and there was a news story on "bring your child to work" day. What the company in question was really doing was teaching these children how to be a good employee, so the company would have future employees. Companies tout how they provide daycare now as a benefit to families. What's happening is that because the world is changing so much, some of the benefits they're adding are nothing more than handcuffs to keep employees more loyal to the company while the owners make more money. The employees bring their children in and start saying the same old thing that their parents told them which is, "Be good. Get good grades. Do as you're told, and find a safe, secure job with excellent benefits." Again, the main point is that money is just an idea. You become your ideas.

The other thing is when you're constantly clinging for security, there's a part of you that begins to believe that you can't have security on your own. I think that

belief was the hardest thing for my poor dad when he got fired from the government.

He was a very honest man and could not stand the corruption in government. When my dad was let go, the governor at the time said to him, "You will never get a job in government again." That statement was devastating for my dad. All my dad knew was how to be a government employee. When he lost his job, he also lost his self-respect and identity. For him, his job was very important. It's human nature to want to have some pride in what we do. But when my poor dad found himself at 50 years old and no longer respected in the state government, he also lost respect for himself.

Education Over Earning

To prevent the security trap from happening to you, it is important to be proficient as a business owner and investor. For example, if you are in a full-time job, you may want to start a part-time business. Doing so could benefit you in two ways. Number one, you can gain business skills while still having a steady income. Number two is you become familiar with the corporate laws that are different from employee laws. The point I'm stressing here is that your focus is on gaining education over earning money and chasing security.

If you'll invest the time to get an education, which you're already doing because you're reading this eBook, you're an active learner. Education, in the long run, will always provide more and more money. There are many people who start businesses because they want to start a business, but they have no education and no experience, so they lose.

You can keep your daytime job and learn electronic day trading or real estate investing, but learn more than one aspect of business ownership and investing. People who are only strong on one thing often feel less secure. That's like going around life with only one leg instead of two legs. Let me give you an example of working on becoming a business owner and an investor.

I knew a single mom who had a full-time job and she took a part-time job. The problem was that even with both jobs, she was still an employee. The harder she worked, the more income she made, the more she paid in taxes. She couldn't get out of the Rat Race that way. I recommended that she keep her full-time job, but start a part-time business. In that way, she was now gaining education, information, and experience as a business owner.

One of the advantages of the single mom starting a part-time business was that some of her personal expenses could become business expenses—in other words, pretax expenses. For example, my cars are owned by my corporation, which means they're paid for with pretax dollars. Now, always get competent, professional advice from an accountant and attorney before doing any of this, but know it can be done.

I drive my cars for less money than an employee does. Not only that, my insurance is paid for with pretax dollars. My gasoline is paid for with pretax dollars and some of my repairs are pretax dollars. That's just on my car. One of the ways the rich get ahead is because they look at things as a business owner or investor would as opposed to people who only look through the lens of an employee.

Unfortunately, most people's level of financial sophistication is at the level of an employee and that's why they're caught in the Rat Race. If you can raise your level of financial sophistication to that of a business owner or an investor, then you will be able to escape the Rat Race. Instead of spending more time at your job, begin a part-time business that will force you out of your comfort zone.

As long as you repeat the cycle of going to work so you can pay your bills, you will always be stuck in the Rat Race. However, if you really want to be free of the Rat Race Taboo, you need to challenge your beliefs about money. Otherwise, you will always be trapped where you are. Becoming rich requires you to let go of the security to which the poor and middle class cling. If you can do that, then you can escape the Rat Race as well.

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Take Action

All of you were given two great gifts: your mind and your time. It is up to you to do what you please with both. With each dollar bill that enters your hand, you, and only you, have the power to determine your destiny. Spend it foolishly, and you choose to be poor. Spend it on liabilities, and you join the middle class. Invest it in your mind and learn how to acquire assets, and you will be choosing wealth as your goal and your future. The choice is yours, and only yours. Every day with every dollar, you decide to be rich, poor, or middle class.

Choose to share this knowledge with your children, and you choose to prepare them for the world that awaits. No one else will.

You and your children's future will be determined by choices you make today, not tomorrow.

I wish you great wealth and much happiness with this fabulous gift called life.

- Robert Kiyosaki