ISSUE #1

MILLIONAIRE CONFIDENTIAL

Created by Jon Giaan

Discover in This Issue

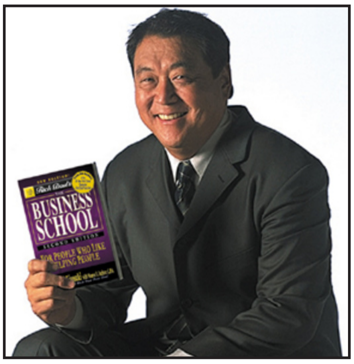
Welcome to the very first of our **Millionaire Confidential** newsletters. It's a great pleasure to have the opportunity to provide ongoing wealth education to you.

In our very first issue, we feature the world-renowned and leading money expert, **Robert Kiyosaki** from the Rich Dad Poor Dad phenomenon.

The **Robert Kiyosaki** interview was conducted by our International contributing editor, Chris Attwood. Chris lives in the States and will be leveraging his contacts to bring you the best of wealth ideas, strategies and secrets from around the planet.

On the local front, we feature Australia's #1 educator of real estate, **Dymphna Boholt.** Dymphna has educated tens of thousands of students on how to accelerate the property investing process by actively participating in growing their portfolio fast.

Dymphna Boholt will be making regular contributions in our monthly newsletter, covering areas such as asset protection, tax, manufactured growth, positive cash flow and creative finance strategies.



Robert Kiyosaki

Dymphna Boholt

The greatest investment you will ever make is in yourself. You can become rich beyond your wildest dreams, you can have everything you desire, you can create an incredible lifestyle - you just have to begin to believe that it's possible for you. ***So let's begin!***

Chris Attwood: My name is Chris Attwood and I'm the Feature Editor for Healthy Wealthy 'n Wise magazine and co-author of "The Passion Test—The Effortless Path to Discovering Your Destiny".

Our guest tonight followed his passions to create an international runaway bestseller. Robert Kiyosaki is the author of "Rich Dad, Poor Dad" – which has been on The New York Times Bestseller List for five years and named USA Today's number-one money book for 2004. Robert is an investor, an entrepreneur and an educator whose perspectives on money and investing fly in the face of conventional wisdom.

He's practically single-handedly challenged and changed the ways tens of millions around the world think about money. When talking to him earlier off-air, he promised me he was going to be controversial so hang on to your seats...

Robert, a fourth-generation Japanese-American, was born and raised in Hawaii. He graduated from college in New York and then joined the Marine Corps, serving in Vietnam as an officer and helicopter gunship pilot. After the war, Robert went to work in sales for the Xerox Corporation and in 1977 he started a company that brought the first nylon-and-Velcro surfer wallets to the market.

He founded an international education company in 1985 that taught business investing to tens of thousands of students around the world. In 1994, he sold his business and through his investments, he was able to retire at the early age of 47.

During his short-lived retirement, Robert write his book "Rich Dad, Poor Dad", a book that has now been translated into 45 languages and available in 90 countries—selling over 25 million copies worldwide!

Today, Robert writes a biweekly column, "Why the Rich Are Getting Richer" for Yahoo Finance and another monthly column, "Rich Returns" for Entrepreneur magazine and he's joining us tonight from all the way in Arizona—Robert, thanks so much for being with us this evening.

Robert Kiyosaki: Thank you, Chris, and thanks everyone else for calling in.

Chris Attwood: Isn't it great to hear people calling in from all around the world for these things?

Robert Kiyosaki: It's awesome!

Chris Attwood: It really is and we love it. As you heard, some of these people got up at 2:00 in the morning to be able to hear you speak.

Robert Kiyosaki: And I thank them for doing that.

Chris Attwood: "Rich Dad, Poor Dad" has been on the Bestseller List for over five years! Just the other day, I listened to you in San Francisco where you were speaking to over 60 thousand people. What roles have your passions and the things that are most important in your life played in the success that you enjoy today?

Robert Kiyosaki: Seeing as how you used the word 'passions', there's more than one answer to your questions. One of them is that in many ways, I'm trying to save my own family from financial demise.

When I was seven years old, I remember walking around my house back in Hawaii to find my mother crying. She was crying because we didn't have enough money to pay the bills. I asked her what's wrong and she simply said, "We just don't have any money." I remember I got really angry at my dad, and I asked him, "How can you let my mom cry like this?" Well, my dad way at school going for his Master's.

I still remember bitterly thinking, "Well, if you're so smart, why are we broke?" And ever since then I've given a lot of thought to the subject of passion. To me, passion isn't love. Passion is anger AND love; it's a combination of the two where one is fire the other is softer.

I get really angry when I see people struggling financially, and I get angry when I see our school's system, wasting time and making us study thing we will never use. Then there is the love of my family and also the love of having fun making a lot of money. To me, passion is anger plus love.

Chris Attwood: I really appreciate the way you described what passion is to you because when we talk about our passions, I think we are really talking about that fire that burns inside us.

Sometimes, it's the reactions of things we don't like outside. Other times it's the fire to achieve or create what we want. Right?

Robert Kiyosaki: Absolutely.

Chris Attwood: Will you tell us the story of how you got involved in doing your present work? How did you start your career and how did it lead you to where you are today?

Robert Kiyosaki: Like I said before, when I was seven and saw my mother crying, I remember thinking it was ridiculous. Then when I came back from Vietnam in '73 and '74, my dad was unemployed; even though he was a great man, had a PhD and was really smart.

OK, so he was a tremendous man, but he was still unemployed because he ran for Lieutenant Governor against his boss—the Governor. The Governor told my dad, "You'll never work in the State of Hawaii again." And all my father knew how to be was a public servant; a government employee.

So when I got back from Vietnam, and you have to realize that I got extremely fed up with the United States out there, I asked my dad, "What are you going to do?" And he said, "I'm going back to school. You should go back to school too." And I asked, "What for?" His response, "Get your Master's, get your PhD and then get a job with the government." I told him I'd rather go back to Vietnam.

My dad eventually died broke and if not for a government pension, he would have been on the streets. That's when I started to feel disgustedly sick each time I heard someone say, "Go to school so you can get a good job and the government's going to take care of you."

That's what burns in my soul. I'm still asking schools why we don't teach kids about money. Why do we study subjects we'll never use? They haven't come up with an answer for me yet.

Chris Attwood: I recall you also had a rich dad.

Robert Kiyosaki: Yes. "Rich Dad, Poor Dad" is a true story of my two dads. Starting when I was nine, after I came across my mother crying at seven, I seriously began searching for what I now know is a mentor. I was an apprentice to a mentor. There is a difference between a teacher (my dad was a teacher) and a mentor.

My best friend's father was my rich dad and my mentor. A teacher is someone who teaches you a subject whereas a mentor is someone you want to grow up to be, someone you respect. I really wanted to grow up to be a rich man—I definitely didn't want to grow up to be a teacher. And I started listening to my rich dad more than I did my poor dad.

Chris Attwood: I find it interesting that much of your fame and success has been built around writing.

The other day, I heard you say you hate to write—which doesn't sound like much of a passion to me, yet your success is built on your books.

You write several syndicated articles and you said that you spend a lot of your time writing. How do you reconcile your need to write with pursuing your passions?

Robert Kiyosaki: I think God is punishing me for being a bad student and that's why I spend so much time writing. I suppose people have heard that I flunked out of high school when I was 15 and 17 because I couldn't write. Today, I have one of the top-three bestselling books in the world!

I still hate writing, but I don't do it because I like to write; it's because I love making money. Money is a lot of fun but I still hate that we have such great poverty in the world—not from a poor level, but poverty from a mental level.

How many people out there are working a job they hate simply because they need the money? What I'm really concerned about today is that we have such financial ignorance. The President of the United States and Greenspan claim there's no inflation. I look at the cost of housing and I look at the prices of oil and gold—and I wonder how these guys have the audacity to say that there's no inflation. The sad thing is that there are people out there who believe them. What morons can we be? That's why I sit and write; just because I can't stand it that people are so gullible and believe our politicians and public servants unquestioningly.

Chris Attwood: I hear people say that your writing is driven by the anger that you experience from seeing what is being put over on people.

Robert Kiyosaki: Absolutely! Again, how can people be so naive and gullible? I don't understand it. Why do people work for a living at a job that they don't like or downright hate and where all they dream about is retirement? That's not passion; it's slavery.

Chris Attwood: So what's the alternative?

Robert Kiyosaki: Find out what you're supposed to be doing and get educated. I remember how my dad would always ask for a pay raise and one day, I asked him, "Why don't you just read a book on money instead?" He said, "Well, I'm not interested in money." And I asked him why he would ask for a pay raise in the first place then.

I've finally figured out why; the answer is, he didn't know!

What I found out in the psychology of human beings is that when they don't understand something, they have to put it down and denigrate it. That's why so many poor people are out there claiming they don't need money, where artists, intelligentsia or academics say "I'm interested in money."

They have to put it down because they know they don't know, so they decide to make it below them—I think it's beyond ignorance; it's arrogance. Arrogance is anger plus ignorance. And that's where their arrogance comes from; arrogance at their own ignorance.

Meanwhile, I'm making as much money as I like and I have as much money to spend as I like—I'm having an overall good time. The only reason I write is because I look around me and see all these people clinging to job security, hoping for a pension from the government, social security and Medicare and hoping in their 401K or mutual funds—all the while trying to save money and get out of debt.

All I'm thinking is, "What's wrong with you guys? There's something wrong." And that was back in 1994 when I sold my company for enough to retire on. All I did was write a book on how I could retire without a job, without a 401K, without a pension, without mutual funds and without stocks.

How did I retire? I was sitting alone one night, writing away in my little cabin. I had a rich dad and I had a poor dad… and that's where the book came to life.

So I sit there with anger and write. I write about life's experiences, and since I didn't do that well in school, I can put my ideas across simply enough that an average person can understand high finance.

Chris Attwood: Absolutely. Listening to you, I've established that those of our listeners who aren't satisfied with their financial situation (and who may even be putting down money or putting down people who have money)—their issues originate from education. Is that right?

Robert Kiyosaki: The issue is that you have to acknowledge that you don't know something.

Chris Attwood: Tell us a little more about that. What do you mean that you have to first acknowledge that you don't know something?

Robert Kiyosaki: Nothing's worse than thinking you know something that is not true that you think is true. That's like thinking the world's flat. That theory will be the basis of your entire life. You assume it's flat and then you're afraid to go off the edge of a cliff or Earth, and so forth.

The biggest issue for most people is admitting, "Well, I wasn't taught much about money and what is it that the rich know?" At that point, you have to question everything you've been taught. For instance, how many of your listeners have been taught that it's smart to save money?

Do you know how ignorant that is? We're not saving money anymore—after 1971, the U.S. dollar turned into a currency—it's not money.

Chris Attwood: Tell us more about that. I'm pretty sure most of our listeners haven't got a clue what you're talking about right now.

Robert Kiyosaki: Money is something of real value and a currency is essentially an I.O.U. from the Federal Government, like the Australian dollar, the Swiss franc, the euro—they're all I.O.U.'s. A currency is designed to lose value over time—and the reason why people claim there is inflation even though it's not really inflation.

There really is a devaluation of the currency and the reason governments do that is simply so they can borrow a million dollars today and in 10 years time, pay it back with $800,000. How is that possible? Because the dollar's been devaluated that much. Let's look at the last 10 years—from 2001 to 2011—the U.S. dollar dropped over 50% in value as compared to gold. In 1996, gold was approximately $250 an ounce; while today, it's pushing $1,750 an ounce. That means your dollar has dropped over 50% in purchasing power as compared to gold.

The pundits, politicians and school teachers will say there's inflation. But in reality, that's not inflation; it's your dollar dropping like a rock. That's why people who are saving money are the biggest losers of all. The second group of losers being people who are saving with a 401K or mutual funds.

Let's consider what the professional investors like Warren Buffett are doing. While most financial advisors tell you, "Diversify, diversify, diversify," Buffet says, "Diversification is a protection against your own ignorance." In the end, I don't diversify, Buffett doesn't diversify, but your financial advisors will keep on telling you to diversify.

You should question it at that point. Ask yourself, "How come the world's greatest and richest investor is saying 'Don't diversify,' while my financial advisor is telling me to diversify?" Until you take a step back and question what you've been taught, what you think is true might not really be true, you're more or less a robot running upon your ideas.

Chris Attwood: So, to recap for our listeners, they should be questioning the things they've been taught all their lives about money?

Robert Kiyosaki: They should question what they've been taught to be true might not be true. That's what I said. The Earth was flat until Christopher Columbus said, "well, maybe that's not true." Most people 'group think' – they do something because everyone else is doing it.

So you line up for your 401K, mutual funds and social security check or you go to school to get a job and never question that maybe you shouldn't get a job. The reason "Rich Dad, Poor Dad" is a powerful story, is because of the messages and lessons I learned from my two dads.

My first dad told me to go to school and get a job, the other one said, "Don't be an idiot. You'll never get rich with a job." Until I had two different points of view, I couldn't find out who was right—but at that point I had the power to make a choice and decide for myself which thoughts were best for me.

We go through our lives listening to our mothers and fathers saying, "Now, don't do what you think. Do what I tell you to do." So many people have become programmed to follow in their mothers' or fathers' footsteps—like George Bush. They just do what they're told, and I have firsthand experience with this from my experience in Vietnam. We were out on the field shooting commies and they said, "We're killing commies for Christ." That made me stop and think, hang on a minute, those are human being out there.

People around me said, "No, they're not going to heaven because they don't believe in Jesus Christ [as] a Marine Corp." So I thought, "What are they!?" And they said, "Well...they don't believe in God." I realized one of them was a Buddhist and I thought, hang on a minute, I'd better wake up.

After waking up in Vietnam, I began to really question everything. I flew helicopters over there, and I remember reading about the battles we were fighting in the newspaper. I realized that I didn't know what battle they were in, but it definitely wasn't the same battle that I was in—and that's when I realized that our news was censored.

I couldn't get over it—I mean, we were told we have freedom of speech and no censorship over what we say. I thought, hang on a minute... I was 25 at the time and I had to take another step back and question what I had been taught. Is there such a thing as freedom of speech or are we censored?

Is there freedom of the press? Yes or no? I'm not saying they're right or wrong and I'm not saying it's good or bad, but every so often we have to take a step back and seriously question what we've been taught to think.

Chris Attwood: How do we make a decision about what direction will lead us to success, fulfilment, and all those other things that we chose to have in our life?

Robert Kiyosaki: It goes back to your subject—passion—and, like I said before, passion is anger plus love; it's a combination of the two. Our word is facing so many problems like AIDS or the polar ice caps melting—there are massive problems.

I'm not going to talk about AIDS because it doesn't really resonate that much for me, and the ice caps really concern me but the question was what challenge can I solve that I was sent here on Earth to do—I think Hindus call this your dharma.

I'm not talking about what I like doing; I'm talking about what I hate—and I don't mean hate in a bad way. I hate that the polar ice caps are melting and there is AIDS in the world—but which of the challenges are you equipped to handle? That's your dharma.

Chris Attwood: How did you figure that out for yourself?

Robert Kiyosaki: It was actually really easy—what I hated and what I loved. I disliked that our school system brainwashes us into being employees of the rich, but I didn't only realized it after reaching a new point of view—my rich dad's opinion.

Chris Attwood: You mentioned that it was based on what you hated and what you loved. So what did you love?

Robert Kiyosaki: I loved making money—I have a blast making it. Look at Donald Trump—that man is having a great time!

Some people will tell you that money doesn't make you happy. What moron made that story up? The person who made that story up is obviously someone who had never been without money, or someone who's so broke, they don't know the difference between happiness and misery. When I didn't have money—and I have been without money—it was horrible.

Chris Attwood: I'm sure a lot of our listeners would agree that being without money is horrible. What are some principles that your rich dad taught you that helped you get a financial education?

Robert Kiyosaki: One of the simplest concepts was: instead of working for money, have money work for you. Now, that makes sense to me. When I invest today, I can get an 80% return, 100$ return, and infinite return on my money. Whereas a financial planner will tell you an 8% return is good enough.

That's when you say, "Then I'm still working for the financial planner because they're going to take a commission anyway." Learn to take a step back and question your thoughts. In other words, are you a robot running upon embedded commands?

When you start questioning that maybe what you're thinking isn't accurate anymore—that's when it begins to happen for you. From 1990 to 2000, financial planners came out and said work hard, save money, get out of debt, invest in the long-term in mutual funds and diversify.

It was at that same time, the mass of baby-boomers were entering the so-called stock market. They realized that pensions weren't going to work, so they have these mutual funds and they started buying these 401Ks. From 1990 to 2000, the "work hard, save money, get out of debt, invest it for the long-term in mutual funds and diversify" plan worked.

Fast forward, we're in the year 2011 and it stopped working. People who followed that dogma got ripped off to the tune of seven to nine trillion dollars by following the financial planners' advice of "work hard, save money, get out of debt, invest it for the long-term in mutual funds and diversify". Buy, hold and pray.

It didn't work—and there are still people who are hanging on to that plan. It still hasn't worked—what happened instead and took off was real estate, oil, gas, silver and gold. All of a sudden we have financial planners saying "No! Don't do that! It's too risky." The reason it's too risky is because our financial planner would lose our commission!

I'm not saying it's right or wrong, but if you sit back and look at it, ask yourself "Why am I doing this?" It's because someone told you to work hard, save money, get out of debt, invest in the long-term and diversify is good advice.

Saving money is the worst advice of all because you're not saving money. After 1971, The U.S. dollar turned into a currency, like I mentioned earlier. That means savers are probably the biggest losers of all. The dollar is dropping fast. Even Warren Buffet doesn't save money! If you read any of his books, he never recommends saving money unless you can guarantee a 15% return on your cash.

Chris Attwood: Warren Buffet has been getting a better return than that for quite some time now...

Robert Kiyosaki: Yeah, he averages about 22%. But if you're in real estate or entrepreneurship, you can beat the 22% all day long.

Chris Attwood: Tell us some more about that because I'm sure our listeners are perking up right now.

Robert Kiyosaki: Well, Warren has no control over what he invests in. If you invest in a stock, you have no control over it. If you invest in savings, you have no control over interest rates. And if you invest in mutual funds—you simply have absolutely no control over anything, same deal with bonds.

But with real estate and businesses, you DO have control. You can be creative. For instance, and this is just an example I use in my book all the time, I bought 80 acres of land for $115k. I chopped off 30 acres and sold them for $215k. I just put $100k in my pocket and I still have 50 acres left. So what's my return on investment? It's infinite! And it's really easy to get infinite returns if you have right-brain and can be creative. However, you can't be creative with stocks because that'd be called cheating—and that's why the SEC was created.

Stocks, bonds, mutual funds and savings are for very left-brained people—those who use PCs. Mac users are the guys on the right-brain side. That's the difference. And there are two kinds of investors: those who are open-minded and those who are close-minded.

Close-minded investors are looking for the magic formula, so they invest in the long-term, diversify and save money. They can't think.

If you're open-minded, you'll go into real estate or you'll go into business.

Chris Attwood: One of the things I noticed you talk about a lot is the value of owning your own business and creating your own business. Is having your own business a key piece in building your wealth?

Robert Kiyosaki: That depends on whether you're an entrepreneur. Most people are entrepreneurs but it's been bred out of them because they went to school to be an employee. In my neighbourhood, we have a young woman who comes around—I think she's in junior high—and she knocks on my door and tells me that she's offering her babysitting services.

Technically, she's an entrepreneur, just like Bill Gates. I told her I don't have any kids, so she asked me if she could shine my shoes. I gave her all my shoes; I was so impressed with her. She's probably 14 or 15 and she's going to be a killer—she's fantastic.

Chris Attwood: Whatever entrepreneurial spirit people may have, I think it's been bred out of them. One of the things that our readers ask a lot is how do you overcome the fear of stepping out on your own in that way? How do you overcome the fear of moving out into territory you don't understand or don't know?

Robert Kiyosaki: That's the oldest form of education—it's called the mentor/apprenticeship program—go work for someone for free. For years, I went to work for my rich dad for free and what I learned from him has proven to be invaluable because it bought me my freedom.

I don't have a job and I don't want a job, I pay less in taxes and I make more money! I've had companies all over the world, I can start multiple companies; my latest companies being in China, South America, Canada and the U.S. – it's because I'm right-brained and not left-brained.

Moreover, as an entrepreneur, I don't need a visa or a green card to apply for immigration statuses. If I was a doctor, I'd have to get licensed before I could practice—which is limiting and you find yourself controlled again. The reason I love entrepreneurship is because I can travel the world and do what I want to do.

And that's not just me talking either; the laws of the world have always been written by the rich for the rich. I'll say it again: the laws of the world have always been written by the rich for the rich. And they've been written against labourers, the people who sell their time, labour and skills. Sad as it is, that's reality all over the world.

Chris Attwood: What does that mean for people who are listening tonight?

Robert Kiyosaki: Like I've mentioned so many times before, step back and ask yourself if you want to sell you're labour. If you're a doctor, you're selling your labour. If you're a massage therapist, you're selling your labour. If you're an employee, you're selling your labour. Or—do you want to be selling your knowledge. That's your determining question.

I don't want to sell my labour, because selling labour is the highest taxed of all forms of taxation; the second highest tax being savings. The least highest taxes are people who are investors or who are entrepreneurs.

That's why, in the United States, the best tax rates favour the entrepreneur and the real estate investor, and they punish the person with a mutual find 401K retirement plan. These aren't unheard of facts that I'm coming up with—just check with your accountant.

Chris Attwood: OK. Being an entrepreneur isn't all smooth sailing though—and most people know that. I think what keeps most people out of becoming entrepreneurs is not only the lack of education, but it's also because of all the "horror" stories that come attached to the word "entrepreneur" that they've heard. It hasn't always been smooth sailing for you has it?

Robert Kiyosaki: I never said it was "smooth sailing"—if you want "smooth sailing", join the Post Office and risk getting gunned-down.

Chris Attwood: Talk to use about some of the obstacles and some of the challenges you've faced, and how you moved through them. For many, just hearing that someone else has gone through it all makes it that little bit more easier to face themselves.

Robert Kiyosaki: It's not about hearing my struggles. If, right now, you're telling yourself that you don't want to face the challenges, then you should be an employee. It depends on how you look at the word "challenge", I suppose. For me, if someone asked me whether I wanted to climb Mount Everest, my answer would be heck no! So I'm probably never going to climb Mount Everest.

Right now, I'm working with Donald Trump who's taking me from a simple multi-millionaire to a billionaire. At first, I was thinking, "Why do I want to become a billionaire? Isn't $100 million enough?"

He told me because it's a challenge, and I got it. So it really depends on what challenge excited you. For me, becoming a great golfer doesn't excite me but it excited Tiger Woods—because that's his passion. Of someone asks me whether or not I want to climb Mount Everest, I'd say no, because it doesn't turn me on.

If someone asks me whether or not I want to fly a plane around the world, I'd say no, because I'd probably fall asleep. If someone asks me whether or not I want to fly a balloon around the world, I'd say no, because I'd it doesn't challenge me. You really have to find a challenge that excites you.

I just did a talk with my latest mentor and he said he doesn't like to buy stocks and he doesn't like to listen to analysis. He loves the challenge of creating a multi-billion dollar enterprise out of nothing—to him, that's the most exciting challenge in the world and the reason why he's an entrepreneur.

That's also why he's one of my best friends, because that's a challenge that excited the both of us. If something doesn't excite you, then don't do it. Some people what to have 15 kids and some people don't—your challenge is a personal thing so take a look at it and do it.

Chris Attwood: This is what you mentioned before—the idea of dharma or one's own personal destiny. The challenges that you love and the passions that excite you are a key, or are leading you in the direction of that dharma or destiny that you're here for.

Robert Kiyosaki: Precisely, because if it doesn't make you happy or angry, just don't do it. I meet so many people who claim to be doing what they love but they're broke—so they're obviously not doing enough. That's a factor of intelligence—many people are very, very myopic; only doing what they love rather than what they need to do. Hence the definition of intelligence is knowing what to do and doing what you need to do, even if you don't want to do it.

Chris Attwood: Your example is writing books, right?

Robert Kiyosaki: Yes. I wish I didn't have to write books, but obviously, writing books is part of my dharma. I sit down and write and I've actually become a pretty good writer. And I'm a big fan of Apple because they've made it simple enough for me to do so—I'm actually starting to enjoy it but for the longest time, it seemed like punishment to me.

It's the same with exercise. When I meet someone overweight, it's generally because they're lazy. I just lost 55 pounds—it took me about a year to lose that weight. Why was I overweight? Because it was only to easy to say, "I'm too tired to work out right now—I'd rather have a drink or some coffee and a sugar donut."

It's not easy to be disciplined—I had to go back to my Marine Corps training. I went to a military academy and I said I had to get back to where I was really focused again—so I hired a coach who was tough on me.

Chris Attwood: Robert, when you're really paying attention to the things that you're passionate about—and I'm talking about the challenges that really turn you on and get you excited—isn't it a little bit easier to be disciplined and focused in those areas?

Robert Kiyosaki: I'm not sure if it's easier. I why do I keep hearing that phrase... "Isn't it easier?" The reason people are in trouble in the first place is because they want life easy. That's why they gain weight and they turn into blimps. Or even those who have a bad marriage—why? Because it's easier to have a bad marriage.

If you want to be unhappy, unhealthy and un-wealthy, it's easy. Simply do nothing—gravity will take care of everything. I battle myself with my laziness, my want of life to be easy. I battle that every single morning when I wake up. The fat boy wakes up and says, "OK, you don't really have to go to the gym. You can have another sugar donut this morning. You worked out three days ago!"

I'm battling the fat boy. Then there's Rambo who says, "Get your fat butt out there!" I'm schizophrenic; I have these two characters in my head and there's a battle between fat boy and Rambo, and the poor guy and the rich guy. Every day there's a new battle; and I'm not saying it's easy.

I get up—why? Because I just happen to enjoy making money so it's easy for me, but it's not easy to do what I do. I started a mining company in China—battling the Chinese government is incredible. Everyone keeps asking me why I'm there. My response: because it's hard.

Just like John Kennedy said years ago, "We're going to the moon—not because it's easy, but because it's hard." That's what successful people do. It's the fat, lazy, unhappy, poor people who want life to come easy.

Chris Attwood: What does it take for the Rambo in you to win over the fat boy?

Robert Kiyosaki: I hired a coach.

Chris Attwood: Another mentor?

Robert Kiyosaki: Yes—and he punishes me. A lot of people frown upon "punishment", but the reality of things, you're going to get punished one way or the other. If you don't do the right things financially, you're punished with poverty, with having bills, with not having a nice car or nice clothes, with not travelling first class or even on a private jet.

That's punishment. Being poor is its own punishment. Poor people can sit there and take their punishment, happy that they have it easy while I'm thinking, "Well, that's easy!" It's the same with exercise—if you don't exercise you get punished anyway when people start calling you muffin tops, or when your belly hangs over your pants.

I've been there—heck, I was more than a muffin top, I was a blimpo-top with my gut hanging out and I thought, "Gosh, that's the punishment for lazy thoughts and behaviour."

Chris Attwood: So the answer is, there is no easy way out...?

Robert Kiyosaki: I don't think life was ever meant to be easy. I think there was meant to be passion. Don't get me wrong, it can be easy, but there's always a price to pay for that ease.

Chris Attwood: So passion drives you through the hard stuff because it keeps you moving. It gives you that fire inside that moves you through no matter how hard times get.

Robert Kiyosaki: Exactly. One of the things I learned when I was a pilot in Vietnam versus being a regular pilot was one of the greatest lessons I ever learned in my life.

I was there flying and I was having a hard time learning how to fly. It's not easy; it's tough—so many things to go over then you have a guy pounding in your head, "Go lower, turn harder, shoot straighter..."

I kept asking him why and he gave me one solid reason. He said, "In combat, there is no second place. Only one of you will come home alive and I'm training you to think that there's only one place. There's no second place in life." Then I went into learning air-to-air dog-fighting in the sky with the single-engine fighters with that thought repeating itself in my head—that only one of us would go home alive that day.

That was one of the best lessons I've ever learned. To this day, I live my life as though there is no second place—there's only one place, and that's first place. Now I don't recommend it—I'm just telling you that's why my book has been on the bestseller list.

It's number one this week, and it's going to be number one next week on The New York Times—and the book has been out for nine years and it's still number one! Why? Because in my world, in my reality, there's only one place, and that's first place. Second place is the first loser.

I know are people are saying, "Oh, that's so evil. That's so [insensitive]." As Joe Montana—the greatest quarterback in history—said, "We wouldn't keep score if it wasn't important." And that's why I have financial statements to keep score financially. That's why I go see my doctor for my blood tests, my cholesterol counts, and my weight and plaque levels. I'm keeping score because I'm in this to win while most people are playing just to survive. Don't get me wrong, there's nothing wrong with that, but it's a choice you make in life.

Chris Attwood: Like you said, there's going to be punishment one way or the other.

Robert Kiyosaki: Either way there's going to be punishment. Being poor and struggling financially is punishment. Struggling to get up the stairs is punishment. Having bad health is punishment. Having a lousy marriage is—oh, man, that's more than punishment!

Chris Attwood: That's downright torture.

Robert Kiyosaki: A lousy marriage is what I call Hell. I won't mention names, but I have friends who are married in hell. On the surface, everything looks like "Father Knows Best," or "Leave it to Beaver," but in reality—they're living in hell. They don't talk to each other, they're cheating on each other, they're miserable, but they're sticking it out for the kids.

Chris Attwood: A lot of our readers and listeners are thinking, "Okay, so I get clear on my passions, but how do I make money doing it? How do I earn a living, support myself, or become wealthy doing it?" You've talked about financial education—can you share with us some of the key pieces of financial knowledge that someone needs to know in order to create wealth in their life?

Robert Kiyosaki: Yes. The number one skill for being rich is the ability to sell. To many people, 'sell' is only a four-letter word—but you have to sell. A secretary sells her skills eight hours a day for X amount of dollars. It's all sales. That's why, in 1974, when I finally left the Marine Corps, my first job was learning how to sell.

Sales = income. The second thing you have to learn is how to manage money. And after that, you have to learn how to reinvest your money, because if you just earn it and spend it, it's gone. If you read any of Warren Buffet's books, you'll learn that the key is not investing. The key is reinvesting.

Chris Attwood: Tell is more about that.

Robert Kiyosaki: Well, my money comes out tax-free and it's reinvested. Who's heard of the saying, "Pay yourself first"? Some people struggle to pay themselves 10%, so on every dollar they make, they pay 10% into a savings account. I think that's just silly.

My wife and I reinvest 70% to 80% of our money. When that money comes out, we reinvest it again—and that's why we have so much money! If you do the right things, you'll actually have too much money. Every month or so, we ask each other the same thing: What are we going to do with our money?

We have to reinvest it—and reinvesting your wealth becomes your full-time job. Most people have no wealth to invest because, a. they don't make enough of it, and b. they mismanage it. The first key is learning how to make it by selling something, the second key is learning how to manage it, and the last key is investing and then reinvesting, reinvesting, and reinvesting some more.

Chris Attwood: You've been speaking for a couple of years—and you just spoke, I think—for the Learning Annex's Real Estate Expo. Is real estate the best way to reinvest your money or are there other ways?

Robert Kiyosaki: It has nothing do with real estate and everything to do with you.

Chris Attwood: Tell us more about that.

Robert Kiyosaki: OK, let's say I put a moron in my helicopter and told him to fly it—chances are, it's going to crash. Who/what are you going to blame? The helicopter? It has nothing to do with the asset class. People ask me if I would recommend real estate all the time—and I say no, I recommend a brain transplant.

When things go wrong, people put all the blame on real estate, the stock market, the bond market—and they have nothing to do with it. Again, it goes back to what you're passionate about. If you love the stock market, have a great day in there and you'll do well. You'll do better than you'll do in real estate.

If you love bonds—and there are some people who love bonds—then do it. I started working as an apprentice for Standard Oil back in 1966 when I was 18 years old—I worked with them until I graduated from college in 1970, so I understand oil.

The problem with oil today is that it's probably going to reach $100 to $150 a barrel, or $10 or $20 a gallon. The problem with that is that wealth equals energy, and when the cost of energy goes up, certain people's wealth will go down. For example, if you're driving a taxi and the price of gasoline goes up, your wealth is going to down.

But if you're drilling for oil and the price of oil goes up, then you get rich. What I'm afraid is going to happen in the next five to ten years is that there is going to be a big crack in the whole system. It will be caused by the dollar dropping because, again, it's not money, it's a currency—and the price of oil is going to go up.

That means people in the stock market will get wiped out simply because the stock market is based upon expansion. An economy can only expand if it has cheap energy, and we don't have cheap energy anymore. Instead of expanding, the economy will probably contract.

When the economy contracts, certain stocks in the stock market—like a trucking company—will also contract. If you are an airline, you're toast. If you're buying real estate in Hawaii, you're probably toast because the cost of energy will affect the valuation of your asset class. Does that make sense?

Chris Attwood: Yes.

Robert Kiyosaki: Well, that's why I'm investing in real estate right now. I still buy real estate because well-bought real estate—not over-leveraged real estate—will go up. As the dollar drops, the price of energy goes up, and real estate only appreciates, because the value of the dollar dropped.

The second thing I'm investing millions in is oil. I own my own oil company. The third thing is gold, the fourth is silver, and the fifth is a hand gun. As you can see, I'm really optimistic about the future.

Chris Attwood: I can tell!

Robert Kiyosaki: I really am optimistic because I'm hoping the price of oil will go up and I'm hoping that the dollar drops—so I'm really an optimist!

Chris Attwood: Because it's aligned with your passions.

Robert Kiyosaki: Yes. If the price of oil goes up and the dollar drops, I'm a trillionaire while other people will be losers. And let's say it goes the other way—it doesn't make any difference to me because I'm still in business and I still have a lot of money.

Chris Attwood: Tell us some more about your idea of financial education and how people can go about educating themselves. You mentioned that a mentor is an important thing. Obviously that's critical, and your rich dad served as that for you.

Robert Kiyosaki: OK, I'm going to tell you three tips that anyone can follow. Number one is that you have to watch your vocabulary. There are rich words and poor words. The worst words you can use are "I can't," "I'll never be rich," "I can't do it," "I can't afford it." Poor people use the word can't more than rich people.

Instead of saying, "I can't," say "How can I?" So the first thing is your vocabulary. Do you know the difference between a cap rate and a PE, or the difference between ROI and an IRR? If you don't know the definition of the vocabulary, then your brain is a poor person's brain.

Just get a financial dictionary and look up different words. Different asset classes, like real estate, use cap rates, whereas the stock market uses the word PE. You have to know the difference; otherwise you're not part of that industry. Words are very important.

Number two is your friends. If you have friends with bad attitudes who say, "Oh, I'm not interested in money," or "Money doesn't make you happy," get new friends. It doesn't mean you can't be friends with them, but increase your friend base.

Meet people who are interested in getting rich. If your friends, your wife or your husband are not interested, you are in trouble.

Number three is who you take your financial advice from. The reason that most people are struggling financially is because they are taking financial advice from salespeople, not rich people. For example, they take advice from stockbrokers or real estate brokers. As my rich dad said, "The reason they're called brokers is because they're broker than you."

The other day I was talking to this woman who told me she bought $1,000 of this share of stock. I said, "Whoa, big spender, $1,000? So what made you decide to buy the shares of stock?" She said, "Oh, my hairdresser gave me a tip." Do you realize how true that is in most cases?

Most people come up to me and say, "I have $10,000. What should I do with it?" The first thing I say is, "If I was you, I wouldn't tell anybody that you have $10,000, and you're an idiot, because if you don't know what to do with your money, there are a lot of people out there who will tell you what to do with it. Give it to them, because they know what to do with it and that's to put it in their pocket."

That's why Time magazine, in the October 31st issue, came out with information about how Wall Street is picking the workers' pockets with the help of Congress. There was a quote that said something along the lines of, "the rich are stealing from the working class". It basically states how workers are being ripped off by Wall Street and Congress, and they do it through things called IRAs, 401Ks, pension plans, mutual funds.

Chris Attwood: How is that happening?

Robert Kiyosaki: Because people don't know the difference between a good investment and a bad investment, between good advice and bad advice, or the tax ramifications. The worst tax ramification is a 401K in America—that's the worst possible investment after savings.

Chris Attwood: I'm sure a lot of people don't understand why that would be the case—can you explain it some more to us?

Robert Kiyosaki: Financial planners tell you that you'll take your money out when you're 65 because your income goes down. The reason they're saying that is because they expect you to be poor when you're 65.

Let's say you are in the 40% bracket when you're working. They assume you'll drop to the 15% bracket when you're retired. The 401K works as long as you're planning on being poor but if you plan on being rich, the 401K won't work because your money will exit at the highest tax rates possible. That's just one of the many reasons why, and so they don't tell you about taxes.

But the worst thing financial planners tell you to do is to save money. They tell you to put your money in money market funds, and when you turn 50 to 65, put everything in bonds. That's dangerous because I'm predicting that we are going to have a very high inflation rate.

The governments are going to start printing money because they can't afford to pay for their debts, and people on fixed incomes will get wiped out.

A loaf of bread today might cost $2.00 and when you retire it might cost $20.00, but you're still getting the same fixed-income rate.

Chris Attwood: I hate to say it, or maybe you said it, but Hitler came to power on the wave of Germany by printing money, right?

Robert Kiyosaki: In 1933, he was elected to power. Why? Because of a thing called hyper-inflation. Hyper-inflation was caused by the Weimar government printing too much money. In March of this year [2011], the U.S Government stopped printing M3.

M3, for those who don't know, is an economic term. There are M1, M2, and M3. M3 is the amount of money in the system. The reason they stopped printing it is because it now gives Obama and Company and the Federal Reserve license to print as much money as they can. This means the value of your dollar will drop even faster.

Chris Attwood: When you say they stopped printing it, you're saying they stopped reporting M3, right?

Robert Kiyosaki: They stopped reporting it, and they can print at will.

Chris Attwood: For those of us who don't want to be on the scary side of that, we come back to financial education. I know you've created—even before you wrote "Rich Dad, Poor Dad"—a game called the CASHFLOW® game, correct?

Robert Kiyosaki: Yes. The CASHFLOW® game is the first game that combines two subjects. One of the subjects is accounting, the single most boring subject in business school, combined with the scariest subject: investing. When you combine boredom with terror, you have a very exciting game!

It's like putting your brain in the gym—you start thinking like an entrepreneur and an investor rather than an employee—it's to break up your old thought patterns but if you only play it once, you won't learn that much—you have to play it at least 10 times.

When you play it over and over again, and discuss it with your friends, you'll find your mind changing. When your mind changes, you'll see that the world changes. The other product I just created is a product called Teach to Be Rich®. Everything I've talked about is in Teach to Be Rich®.

You talked about how Hitler came to power in 1933 with the Weimar government—and that's basically the big picture of money, why the rich are getting richer, and why the middle class is getting wiped out.

The reason it's called Teach to Be Rich® is because I learned in Sunday school "to give and you shall receive", or the law of reciprocity. If you want to learn something, teach it. If you want to get rich, the best way is to help someone else get rich, and you'll get richer, too.

Chris Attwood: Tell us how Teach to Be Rich® is structured.

Robert Kiyosaki: The CASHFLOW® game was the first game on the market that combined two subjects. One of the subjects is accounting, the single most boring subject in business school; combined with the scariest subject, investing. When you combine boredom with terror, you have a very exciting game!

Teach to Be Rich® is two big books, and they are very simply written. They're talk about why the rich are getting richer and the different tax laws. Teach to Be Rich® also comes with three DVDs—and the DVDs are important because, if you have someone in your family—whether it's your son, your wife, your husband—who isn't interested in the money or doesn't want to read a book, you can plug the DVDs in.

The DVDs should shock them enough that they'll read the book. At that point they'll say, "Well, maybe we should get this CASHFLOW® game. Maybe we can play this board game and start thinking like rich people or entrepreneurs instead of thinking like employees—and that way, we can become active investors instead of passive investors."

People who give their money to a financial investor are passive investors—and you have to pay for their salaries. There's nothing wrong with that if you like doing it, but I can get a higher return without paying them.

Teach to Be Rich® and the CASHFLOW® game are really great teaching tools if the people will commit to playing it five to ten times. Your mind will completely open up, and you'll see more opportunities.

Why do I love making money? Because there are new opportunities every single day.

Take a look at the guys over at Google. Ten years ago, there wasn't a Google, and now they're billionaires! Like I said, the tax laws are written for people who want to be rich, and they're written against employees; they're written against professionals like doctors and lawyers.

Chris Attwood: So Teach to Be Rich® and the CASHFLOW® game are teaching people the core principles and educating them in how to think like people who are rich. Is that right?

Robert Kiyosaki: Yes. It's a process: you think, you take action and then you have results. Thoughts, actions and results. If you don't like your results—in other words, you don't like your money today—don't work any harder. Instead, change your thinking. When you change your thinking, you'll change what you do and consequently, change your results.

Repeat the process: change your thinking, change your actions, and you'll increase your results. If you play the game 10 times and you teach it to 10 people, I think you'll see more opportunities in your life than you did before. You'll also see why I love making money.

It sure beats working for the Post Office for a pension, and living for job security instead of freedom. The words security and freedom are exact opposites. The more security you have, the less freedom you have.

Let's say I'm working for the Federal Government—while I may be really secure, I have absolutely no freedom because I can't quit at any given time. That's why the people with the most security and the least amount of freedom are in jail. That's why it's called maximum security. That's why I tell people to take a step back and take a look around them.

I'm sure some of your listeners have been told that job security and financial security are both very important to have. Look at it this way though—they've put you in jail. All I'm saying is to take a step back and look at the other side things.

Do you wonder why guys like me are so excited about oil going to $200 a gallon? I own an oil well! I feel for the guys who have to pay me the money, but that's the game. That's real life. You can say it's not fair, and you'll be right. It's not fair. Is it easy? No, but it sure is a lot of fun.

Chris Attwood: It all comes back to passion. You own an oil well because it's aligned with the things you are passionate about.

Robert Kiyosaki: Yes, because essentially, it's all a game! My rich dad started me on my financial education when I was nine years old by playing Monopoly. He said the formula for great wealth is found on the game board: four green houses and one red hotel. That's all I do.

I start small and trade for big—start small and trade for big. I don't sell my stuff—I keep it all and it keeps throwing more cash off. Every year, I keep getting richer whether I work or not.

Chris Attwood: That's a great position to be in.

Robert Kiyosaki: That's why it's so much fun.

Chris Attwood: I also understand that there are clubs for people who want to get together to play the CASHFLOW® game. Almost 1,600 or more?

Robert Kiyosaki: There are 1,800 today all over the world because the game is in [I think] 15 different languages. There are Chinese clubs, Japanese clubs, Canadian clubs. That's strength.

All you do is go to www.RichDad.com and look for a club. If you don't want to pay for my games, that's fine, because the games were designed to be teaching tools anyway. So go join a club and play for free.

Chris Attwood: Are all the clubs and where people can locate them are listed on your site?

Robert Kiyosaki: Yes, so you can find one pretty close to wherever you are and from there, you'll be able to meet new friends, you'll change your vocabulary, and you'll be able to hire better advisors. Those are the three steps.

Chris Attwood: For those of our listeners who want to know more about the CASHFLOW® game itself, you can go to www.HealthyWealthynWise.com/richdad, and there is a full description of the CASHFLOW® games. From what I understand, Robert, you have two different games that are out now. Is that right?

Robert Kiyosaki: There are a lot of games, but there are two different versions. The first is 101, which is all about fundamental investing—that's Warren Buffett. And the other is 202, which is more technical—that's George Soros—when the stock goes up and down you're trading volatility.

You have to be both today; fundamental and technical. The faster you learn this, the better off you'll be. What I'm trying to say to people is that I think oil will pass $100 a barrel, the economy will collapse, the stock market will collapse, and at that point, you've got to learn how to make money when things are collapsing.

That's what 202 teaches you. To make money going up, and to make money going down. It doesn't make any difference. If you're living in fear of a crash, it's because you're still thinking in one dimension. You shouldn't care if it goes up or down because you'll be able to make money either way, and that is what 101 and 202 teach. You learn 101 first, and then you learn 202—which is trend investing, ups and downs, and shortfalls.

Chris Attwood: If people continue to play these games over time, will that prepare them in terms of the thinking and strategies to begin playing the game in real life, as well?

Robert Kiyosaki: Absolutely. If you read Teach to Be Rich®, you'll learn about The Learning Cone. In 1969, The Learning Cone found out that the worst way to learn is by reading. The second worst way to learn is by lecture. What do our schools do? They lecture and make you read.

They found that the best way to learn is through real life. The second best way is through games or simulation. CASHFLOW® is a game or simulation that simulates real life. It's like taking a brain to the gym and preparing yourself before you run your marathon, or whatever else it is you do.

It's to get your brain thinking in several dimensions—omni-directional—so that you don't care whether the economy is going up or down because you'll make money either way.

In a few years time, when the price of oil goes past $150, you're going to wish you'd learned how to make money when everything else is crashing around you.

Chris Attwood: So the CASHFLOW® game is structured so that groups of people can play it. Even if someone doesn't have a club in their area, they could get the game and create a club.

Robert Kiyosaki: Sure. And that's the best way to learn; it's called cooperative learning. They found that if you're cooperative, you'll learn more, except in school—there, if you cooperate, it's called cheating. I was very cooperative in school.

Chris Attwood: Well now we can cheat and it's legal!

Robert Kiyosaki: In the real world, people cooperate. In school, people are taught to do it on their own. School is almost the exact opposite of my world. I feel as though I'm going into a nuthouse every time I go to a school. I think, "What are you guys doing here?"

Chris Attwood: Don't the very successful collaborate with the very rich all the time?

Robert Kiyosaki: Absolutely. But it's not only that—and this brings me to a very important point I want to make. Doesn't everyone think that being a millionaire is the be-all and end-all? Well, after this last round of inflation, I know morons who are millionaires!

I have a friend in Hawaii who inherited his house from his father, who back in the day bought it for $55,000. Today, it's worth $2 million. His father died and gave him the house so my friend is technically a millionaire, except he still makes $30,000 a year—so he's a millionaire who's broke.

He's still stuck because he can't figure out how to get out of the trap he's in. If he sells the house, he'd have to move into a condo so he sits there, a victim of his own mind. My friend's a well-educated guy but he's sitting there unable to figure out why he's a millionaire but only making $30,000 a year. It's because his net worth is a million dollars, but his financial I.Q. is still zero. He doesn't know what to do.

Chris Attwood: What he hasn't learned is how to think like the rich think.

Robert Kiyosaki: Right, because he can't take a step back and question his own thoughts—he goes on assuming his thoughts are correct. For instance, work hard. He works hard and just pays more taxes. He tries to save money, but he doesn't get ahead. He has a 401K, but it's losing money. So he's diversified, he still loses money, and he has to pay tax on it! He can't figure it out, but he thinks he's doing the right thing.

You cannot learn until you question what you've already learned.

Chris Attwood: I just want to remind our listeners and readers that the CASHFLOW® game that Robert created has two versions: 101, which teaches fundamentals, and 202, which teaches the technical aspects of investing. These things are mechanisms to learn how to raise your financial I.Q.

Robert Kiyosaki: You asked me earlier on, how do we get rid of fear? It's through knowledge. If you learn 101 and 202, you have more knowledge, less fear and you have more excitement.

Chris Attwood: What I love is that you've created these things so that anyone can go do them in a simulated environment where they can face their fears, and where it's not going to hurt too badly.

Robert Kiyosaki: Precisely. It's called play money—you can sit there and become a billionaire with fake money. You can also get wiped out with fake money—so you're going to have lots of fun in the process and be kept on your toes because your mind doesn't know it's fake money. You might know it, but your mind doesn't.

Chris Attwood: So people have the opportunity to make all their mistakes with play money before they go out and do it with their real money.

Robert Kiyosaki: That's correct—and that's how you eliminate fear. Actually, you never eliminate it, because some fear is good, but it minimizes the fear and gives you better survival chances out there.

Chris Attwood: I think it allows you to move past that fear and act in spite of the fear.

Robert Kiyosaki: Imagine this; after I learned how to shoot my machine guns and rockets, I was looking forward to combat. But until that point, I was terrified of combat. Once I got past that, once I knew I could handle myself—I lost three aircrafts and crashed three times—I wasn't afraid anymore.

I knew how to handle it in all the different situations. Otherwise, I wouldn't have come back alive. That's why I said that the best thing the Marine Corps taught me is that there is no second place—only one person comes home alive that day.

Chris Attwood: I'd say you've proven that pretty well in your own life. Thank you for that.

Robert Kiyosaki: I enjoy playing that way.

Chris Attwood: Robert, at Healthy Wealthy nWise, we believe strongly in the power of intention to manifest outcomes, so we'd like to know what your current, most important project is, and what intention we here at Healthy Wealthy nWise, along with our readers and listeners, can hold for you.

Robert Kiyosaki: Go out there and ask people why we don't teach kids about money in school. Money is not an evil subject—ignorance is evil! I'm not blaming the teachers, but many people in the school system have this quasi-religious idea that the love of money is the root of all evil. I think that's a religious idea, not an academic one.

It's actually the lack of money that's the root of all evil. I'd like to ask people to go out there and ask school teachers why we don't teach kids about money, and then show them Teach to Be Rich®. Go ahead and explain to them why saving money is really a bad idea.

You'll find out your intention at that point: to put up with people who have embedded the idea that saving money is the right thing to do—they can't question their own ideas. Just the simple questioning of the idea of saving money will show you that people are very attached to their ideas and cannot change.

Chris Attwood: I think most of us have found that. I also think that's why many of the people are on this call—to be exposed to some ideas other than those that they've been taught.

Robert Kiyosaki: I commend people for investing their time and money to listen to me speak. When we talked earlier, my job was not to be right—it was to disturb people, and then maybe they would think for themselves.

Chris Attwood: I think you've done that tonight, and we thank you for it. Is there one single idea that you'd like leave with our listeners before we close?

Robert Kiyosaki: Yes. I speak a lot of churches, and I say, "The question is: does God want you to be rich, or does God want you to be poor? Many people think that if you're poor, God will love you more. I don't think God cares, but I think you care whether you're rich or poor, so get off your butt and get rich."

Chris Attwood: I tend to think that God gives us the choice to be rich or poor, and it's a matter of whether we want to suffer or enjoy our lives.

Robert Kiyosaki: Absolutely. That's the way I say it. Being poor is its own punishment.

Chris Attwood: It is. Robert, thank you so much for spending this time with us!

Robert Kiyosaki: Thank you. And thanks for doing a great job; it's a great service to people.

Chris Attwood: Thank you Robert, it's a great honour to have had you with us. I think all of our listeners have gotten the idea that if we're not happy with the results we're getting right now, then it's time to change our thoughts and actions in order to change the results that we're getting in our lives.

You've provided us with some very powerful tools for that, both with your latest program—Teach to Be Rich® —and the CASHFLOW® game, which we've been talking about. It is a key mechanism for changing the way you think so that you can change the results that you're getting in your life.

You can also go to www.RichDad.com and find a group—if there is one in your area—that you can join up with. On www.RichDad.com, you'll also find a full description of the work that Robert and his wife, Kim, are doing, and information about Robert's co-author, Sharon Lechter. The website will give you the tools and the knowledge you need to be able to change your thinking and to create the wealth on every level that you choose to have in your life.

DYMPHNA BOHOLT

Dymphna is widely recognised as being one of Australia's most successful property investors, and leading real estate strategist and educator specialising in tax, asset protection and international investment, it's no wonder Dymphna Boholt is known by many professional and personal contacts as Dymphna the Dynamo!

She focused on properties that brought in more than they cost her. Within just one year she had accumulated a $3.5 million property portfolio, boasting $1.55 million in equity and totally replacing the income she was earning as an accountant working 40 to 60 hours per week. Through just one property pur- chase, she managed to generate a passive income greater than the average Australian wage.

The now happily married mother of three lives on the beautiful Sunshine Coast on her 32 acre piece of paradise, completely sur- rounded by rain forest, birds, creeks and other wild life.

Growth

I want to explain growth deals and about where the market is at right now and I want to explain how I believe you can maximize your opportunity over the next two to three years.

Think of any wealthy person that you know or have ever heard of and I bet you will find that they either made their wealth in real estate or hold their wealth in real estate or both. Think about that. That has got to say volumes about property. It has got to say volumes about this whole process.

If the wealthiest people that you know of or have ever heard of either made their wealth in real estate or hold their wealth in real estate should you not think that you should be on the band wagon too?

I would like to explain chunk deals and how to make a 'chunk' of money. It is basically, the purchase price, plus an 'x' factor. That 'x' factor may be shuffling some paper or it might be time. It might be renovations. It might be changing the nature (use or zoning) of something. It might be building something or creating something. It might be changing the appearance of something.

That 'x' factor means that at the end of the day, you have earned yourself a chunk of money. That chunk of money is important because you have got a number of opportunities which you can do with that chunk of money.

You can sell it and get your chunk of money in your hands and you pay tax on it and go on an around the world trip if that is what you should choose – but I would be greatly disappointed if you did. Or you can do all of that and put it into another investment property, that might be the right strategy for you or you can do all of that and not sell it. You could revalue the property, draw the equity out and go and do another investment property or go on your merry way doing other style of investments.

Which answer is right for you will depend on where you are at in your cycle of investing and your cycles go round and round all the time. It will depend on whether you really need all of the money or if drawing the equity out is going to be sufficient. Whether by drawing the equity out, you are actually going to still be in a mutual position or a positive position in whether your current serviceability can actually withstand that. But that is the stuff that all comes down to a mathematical equation. It all comes down to your ability to be able to work out your circumstances, what is right. It is not that hard.

The Rule of 72

There is a rule called the Rule of 72. It is a really handy tool to use while out in the field. If you are looking at a property and you have got this real estate agent jabbering in your ear, telling you that the property is in such a good area and that it has increased by 10% and blah, blah..., the thing you remember is 10%.

If you get a 10% growth on this property, how long is it going to take for this property to double in value? 7.2 years.

10% ÷ 72 = 7.2 years

What you do is you take 10 and divide it into 72 and you get 7.2 years. So if that property increases by 10% per annum that is what happened in the past and that is what the real estate agent is telling you is going to happen in the future, it will take 7.2 years for that property to double in value. It does not matter what figure you pick, if it is going to increase by 8%, or by 14% or by 22.6789%. If you divide that number by 72 then it will give you the number of years it will take to double in value.

This is really handy. Because if you are out in the field and you are looking at a particular property and at the moment, it is worth $250,000 and you know that the current rent on this property is $300 a week, while it is not positively cash flowed now, with those kind of ratios, you can work out if it may be in the future. For instance, if that property doubled in value, what do you think the rent would be on that kind of ratio? Probably about $600 a week, so if that property doubled in value and you were getting $600 a week and you bought it today for $250,000, then at that ratio it will be a positive cash flow property. So all you then need to determine is how long you need to hold that property before that property is positively cash flowed?

To work that out you can use the Rule of 72 but first you need to find out what the growth is in that particular area. Not only is this really useful to work out how much your properties are expected to grow over varying periods of time, it is really useful to work out, if you are buying something that is not positively cash flowed now and you are not renovating or improving it to increase the yield on the property; you are just going to sit on it. It gives you an indication, as to how long it is going take before that property would start to become positively cash flowed as well as how long it is going to take for that property to increase in value and double in value.

Ratio between yield and growth as a factor of how long it takes for a property to double in value

So we have the Rule of 72, we have got years on one end and we have got yield on the other end. If it is in a 10% yield area, it will take 7.2 years for that property to double in value. So if to start with our property is $250,000, it will take 7.2 years for that property to be worth $500,000. That is even handier when you start relating it back to how much rent it is getting now compared to how much rent it could potentially get then.

All of this is giving you the tools to help you make better and quicker decisions. The Rule of 72, the Percentage Point Split, the Rule of Two, are all useful tools. They are really quick rules of thumb that when you are out in the field or you are talking to somebody on the phone or you have got a deal on the table, that you can really quickly make an assessment as to what the parameters are going to be.

Analysis Paralysis

How do you stop yourself from not making a decision? Many people procrastinate, avoid making calls when they find a good deal or simply can't decided whether or not they want to buy the property because they have got to analyze everything first. You can get an analysis paralysis.

At some point, you have got to give it a go. Just like this, but if you are using these tools, you are able to really quickly see if it has positive cash flow by the Rule of Two or if it is a commercial property, that through the percentage point split that it is going to be 'x' dollars positive or negative. You are very quickly able to get a rough figure in your head.

It doesn't matter if that rough figure in your head is $100 but if you are painstakingly going through and looking at every last cent, in the time that it takes, the deal may be gone - forget it, you are wasting your time.

There are a lot of parameters that can help you to find out what an area's growth is. One of them is historical performance; you look at what it has been in the past. The other is the factor of what is actually going on in an area as in trends and that will give you an indication to what might happen. You will also get an indication from your professionals in the area of what their expectations are. Real estate agents have an idea of what things have been growing at and what is expected as well, but take it with a grain of salt because you are still going to have to do your own due diligence and make up your own mind.

One thing that you do need to remember is that there are two types of growth properties, 'direct' and 'indirect'. You need to have both. You need cash cows and chunk/growth deals in order to create wealth. But with growth properties, from the day you buy them, they are either going to be a direct growth property or indirect growth property.

How could you get a direct growth property? By buying below market value. From the day you buy it, you have got immediate equity. From the day you buy it, you have already created growth because you bought well under market value. Cashflow is not an issue when you are talking about growth.

The school of thought that says market value is what somebody in a willing market is prepared to pay for a property therefore whatever you paid for it, is the market value. But the fact is if you could sell it tomorrow for a higher price, the market value is really what the going price is at that point in time. If you buy well and you are coming under that banner and you are buying something under market value, you have already made your growth. That is a direct growth property.

An indirect growth property is when you buy something and at the very end of the scale, you do nothing. You are absolutely totally bone lazy. But what you are doing is you are selecting properties that are in a transition zone that will automatically, through the market, increase in value. You are increasing your odds of growth by selecting target areas. You do nothing to it but it is still has an indirect growth. What you are doing is you are targeting the growth that is naturally in existence in that area. If you wanted an accelerated growth cycle, you create your own. If you want a property boom, create your own and the way to do that is to do something to the property to manufacture growth, force the value of your property and that could be done in a myriad of ways.

Where to look for growth

- Transition zones
- Look for properties in areas of growth lag
- Jump on top of the Pebble in the Pond Effect
- Fundamental Analysis – Industry, Population, Infrastructure, Employment, Transport, Building
- Trends
- Adverse public perception
- Media attention
- Do Your Due Diligence
- Look for Emerging Economies – Do your own Micro Economic Analysis
- Prime Location – water, views, proximity to amenities
- Rise in renovations and new constructions in an area
- Stage one of new developments with big marketing budgets
- Transition zones

First of all, let us look at transition zones. Let us have a look at areas that are going to give you potentially a better than the average return on your investment. Let us look at properties in lag growth areas; this is really apparent when you look at one suburb, next to another.

For some reason, sometimes, a suburb starts to go up in value. But for whatever reason, the suburb beside it does not. You have got a lag effect; it is for no apparent reason that this suburb is lower than that suburb in median prices. What do you think is going to happen over time? Possibly, one could come down slightly and generally what happens is the other comes up to meet it or at least get a lot closer. Have a look for that strategy. Have a look for that when that happens and look for areas where that is in existence. This is not hard to do.

It happens in Sydney and it happens in Melbourne, in Perth and Brisbane, it happens everywhere. Have a look at the dynamics of what is going on side by side.

I was watching a particular suburb in Melbourne late last year. There were these two suburbs what were going berserk, rapidly increasing in value. But the one in the middle did not. There was a lag there of about three to six months. It had a window of opportunity for about three to six months to capitalize on what turned out to be about a 30% return in that period of time. The fact is when you look at the broader picture you will see that is not happening everywhere, the whole of Melbourne did not go up by 30 or 40%. But this target little area did because of what had happened, this little micro economy.

When you look at growth, micro economics start to become very important. When you are looking at property, you have got to look at the fundamentals of the economy around it to give you an accurate picture of what could potentially happen and to enable you to best predict what is going to happen because you can capitalize on that. The great thing about property is that it actually reacts slowly. It is not an immediate thing where the stock market opens here and it finishes here and that is it and within a split second and you had an opportunity or not in some instances. Property works slowly and you can be a really slow thinker and still make a lot of money in the property market.

With what happened in Melbourne with the property market you would have had a window of about three to six months to capitalize on what was as clear as the day as to what was going to happen. But if you did not look, if you did not know that this was something you should be looking for, if you did not know that was in existence then of course you won't be able to take advantage of these opportunities. When you think about it, it makes sense, it is not rocket science but if you are not alert to it, if you have your blinkers on and all you do is get up and listen to the crap on the radio, or television, you go to work do your things and you come home still listening to the crap on the radio - what is your life going to be like? It can only be as good as you allow it to be.

Think about what you are you exposing yourself to? Feed your brain, open your eyes, get those blinkers off and start to have a look around. I am never more energized than when I am talking about real estate and making real estate deals or doing stuff. I love getting out there and looking at property and doing a subdivision or building that commercial property on the river that has got a restaurant above it. For me that is so much fun.

Do a home study course, just try putting the CDs on in your car and listening to them instead of the crap on the radio. Just watch the change in your attitude and your performance even in your daily work. It may have nothing to do with real estate, but watch how you start react to people, look at your motivations and listen to what you are thinking. It changes; you change. You become more of a receptor, more of a beacon to what is going on around you and suddenly you start attracting the kind of stuff that you want in your life as opposed to tunnel vision you had previously. Ask yourself how much television you watch. Desperate Housewives is not going to further your financial stability.

Lag Effects

Lag effects can happen in a street, it does not even have to be a suburb. I have seen properties, one side of the street, admittedly, normally prime kind of properties vary dramatically to what is on the other side of the street. If there is a golf course, a canal, a view it may be a million dollar property, while directly opposite, without these features you have only a $300,000 property. It does not have a view, it is not on a golf course, but the $300,000 property is in a very good area.

What do you think is going to happen with that kind of differential? Do you think one will come down or the other one is going to go up? You see these sort of things all the time and it is the exact situation that happened on the Sunshine Coast where I live with the canal front properties. When they first started to move, you could buy a canal front property for $650,000. The house across the road started to move as well but you could still buy one for $350,000. The canal front property moved to $800,000 - $900,000 but the house across the road was still $350,000. Eventually, the house across the road moved up and came up to $500,000 and the canal front property went up to $1.5 million, still too much of a lag. The house across the road then moves up to about $650/ $850/ $950,000 and across the road, you have got the $1.5 million property. There is money to be made in that. You have got to recognize that opportunity as a lag.

Jump on top of the pebble in the pond effect, downtown Sydney, Melbourne, Brisbane, it does not matter where it is. What happens is you get a ripple effect. Prices start to increase and start to go out from the center. Prices then start to increase around the surrounding CBD and ripples out to the other suburbs spreading even further out to the regional areas and their towns. Eventually it gets there.

If you live in Coffs Harbor or Port Macquarie and you see Sydney going berserk it is only a matter of time until Gosford, Newcastle and Coffs Harbor follow suit. There will be a lag. But that is okay, that just allows you to be a slow thinker and get in on it.

The pebble in the pond effect - that is how it works. It ripples out from a lot of different areas. Sometimes it goes up and down the coast where you look at it from the CBD area and you will see it happening. If you open your eyes to that effect, you will see it happening all around you and you can take advantage of it.

Fundamental Analysis

This is my favorite topic. What you look at here is the core economic factors that have an impact. They have an impact in a lot of things but the things that affect me and the things that I am most concerned about and excited about is how it affects the property market.

When you have an economic event, what you should be thinking as astute property investors is how that is going to impact on the property market and how you can take advantage of that situation, how you can make money out of that situation.

For example, population. If you have a population increase as in the population in a suburb is increasing or the population in a state is increasing or the population in an area is increasing. What is actually happening? People are moving into that area. They are creating more demand for houses to rent, to buy, for infrastructure, for places to spend their money at shops, where they can send their kids to school, where they can go to hospital when they get sick, where they can continue their learning through higher learning education places. It creates a little epicenter all on its own.

The Richest Man in Babylon, one of my favourite books, talks about the ancient Babylonians and its camel traders and merchants, but the core fundamental issues behind it are just amazing. George S. Clason who wrote the book was actually a guy who mapped the original map of North America. That is what he did for a living but his passion was writing about fundamental economic issues. He wrote about them in a biblical kind of way so people would read them and he published them paying for them himself. He would stand on street corners and hand these papers out to everybody in the hope that he could start changing the economic conditions of the everyday people in his time. He lived in the early 1900's, when he was doing this. I think he died about 1958. Somebody eventually collected all of these papers together and compiled them into a book called the Richest Man of Babylon and printed it.

That book, when you look at the lessons behind it, is amazing. One of the lessons talks about the effect of a dollar and the circulation of a dollar. How when you can make one person richer by a dollar, they spend more and the people they spend more with are richer accordingly. They have more to do and they can put it back into their business with which to create more camels and silks and other things to trade. They can trade with other economies and that brings an influx of funds back into that community and more money starts circulating, that one dollar building an incredible amount of wealth.

That is the core of economics. When you have something like that, having money come in, people coming in with demand for infrastructure and demand for property, housing, rental, schools and hospitals, you have an activity; you have an event that is an explosion.

You need to be taking part of that. You need to be recognizing in the early stages that this is taking place and jump on the bandwagon. Start to recognize that something similar happened last year in such and such place and when that happened, these were the conditions and these were the types of businesses that went in, the types of houses that went in, the types of properties that went up by more in value than others and then you see a similar kind of circumstance somewhere else and recognize the similarity.

By recognizing the similarity it allows you to potentially duplicate what happened somewhere else. You have got a model to create money because it is quite likely that what happened in the other instance may happen again. When you start opening your eyes and actually watching it and seeing it happen around you, you cannot be anything but excited about it because there is a huge opportunity there.

Money follows money. So you should follow the money. Where is the money going? Where is it being spent? Governments, where are they spending money and what impact is that going to have? What social infrastructures are they putting into place and what impact does that have on the property market? Where are they setting up new call centers, welfare centers or other kind of centers, tax collection centers? Where are they spending money on bridges and roads? Where is the money going and what does that mean for those surrounding areas? Is it a short term impact on the property market because of a demand for the building and construction that is going to happen around that or does it have longevity?

Is it creating long term employment? All these things are going to force a market and you are going to be part of that. Where is private industry going, what are they doing, where are they spending money? I buy property in the US. I buy property all over the place. A number of years ago when I was in the US, I remember sitting in a hotel room on a Sunday morning clicking through my television's, 800 channels; I was not looking for Desperate Housewives either. I found this little local channel that was talking about what was happening in the local area and I thought this might be handy.

This first program that came on was amazing, like a lump of gold just got dropped into my lap. The program talked about this multinational company coming to a particular suburb in Phoenix. They were going to spend $8 billion on a factory and plant and infrastructure and would be providing jobs and employment for a lot of people. The flow on effect was that it was going to effect people's wages, roads and transport and the hub as well as a lot of other things had to be changed to accommodate this. Money was going to be spent by the governments, rebates would be given to encourage more housing in this area and this was all on television.

This also meant single housing would be encouraged to be changed into multiple dwellings. What do you think that meant for me? Excitement! It was like gold, being able to take advantage of what was happening in this town, but if I had not been tuned to the fact that I wanted to watch this program, do you think I would have ever made any money on that? No.

Open yourself up to those kinds of premises of what is happening. Follow the money. Private industry, where are they spending money? Governments, where are they spending their money? What infrastructure projects are going on in your area or your state or anywhere? What does that mean? What rail links are going in and where are they going to stop and what does that mean? What ports are going in? What industries are suffering at the moment because we cannot get enough product out of this country because we do not have enough port space? What happens when that changes?

What towns are going to be affected and what is the house price going to do in that area? This is the stuff you need to be filling your heads with.

Employment, building trends, look at the movement across the country. When people are moving into a particular state or area, where are they coming from and what kind of housing needs are they going to need or want. People moving into Victoria or maybe moving from overseas, they are mainly a migrant population who want a certain style of property. They tend to live in certain areas. Take advantage of that, give it to them. Charge them a market rental for providing them for the service. People are moving into southeast Queensland but they tend to be coming from the rest of Australia. They have a different set of attitudes and they have a different set of requirements. Provide it. When you start opening your eyes to this, the amount of money that can be made is phenomenal.

Adverse Public Perception

This is where you look at what is happening in the short term. For example, on the Sunshine Coast there is a particular place that about 15 years ago used to have a big problem with sand flies. About that time, the local council took some action and got rid of that problem. They did a big spraying exercise and whatever else and there really has never been a problem since. But all the locals started saying, you do not want to buy there, you get eaten by sand flies that carry you alive. Consequently, the house prices in that area remained low for a very long time. The boom came, all the areas around it were going up in value and this place is still at least $100,000 below market value. But what happened, people from Sydney came up and said this is pretty good; we will have some of this.

People from Victoria came up as well. They did not know about the sand fly problem that used to be there. The prices went up. Public perception is something that never lasts. There is always a window of opportunity but you will always have an evening out of the market. Exactly the same thing happened in Auckland where there used to be sewage plant. It happened to be closed down 10 years ago. Same thing, public perception and an influx of outside funds. They do not know the public perception, the prices eventually go up.

Media attention could be good or bad depending on what is happening. Watch the media attention and watch the markets and how they react. Take advantage of them if you can. But always do your own due diligence. Do not believe what you are told just because she was a nice looking girl that told you at that time. Always back up what you are being told. Ask everybody. Get information from everybody. Filter through what you are being told and form your own opinions and be responsible for your own opinions. The worst thing you can do is not have an opinion. Look for emerging economies, do your own microanalysis. Have a look at the fundamentals. Talk to people.

I was in a small town in Kentucky in America. As a foreigner I do not have any preconceived ideas about any particular town over there and neither do you. So when I am in an environment like that, I am like this big sponge. I want to know everything about everything from everybody. I talk to everybody. I talk to the waitress. I talk to the real estate agents; I talk to the lady behind me at the K-Mart line; the lady behind me in the queue was talking about how her sister-in-law sold their property to this big time person who came into town who was buying up all of this land. They were not paying fair price but everybody seemed to be selling to them so her sister-in-law did too and where is this place that you are talking about? What is going on? It is near the airport. I do not know what they are going to do with it. They will probably ruin it like they always do. I asked a few more questions. Yes, there is a conglomerate buying up a lot of land at the end of the runway. They need to extend the runway so it was the airport authority that was doing it. They have been given major grants to have one of the big major government departments moving into town meaning that an essential hub was going to be in this town. So they needed to have larger planes be able to fly into this town which was why the airport needed to be extended.

What do you think that is going to do to this town? Prices will increase, more people will come in and the general socioeconomics of this town was going to go up. Things were starting to happen. You started to see buildings being transformed, built, or renovated. You start to see movement in the market and that gives you an opportunity to take advantage of that. I thought if I could buy property in the market today understanding that there is going to be a growth some time in the next two years, and it did not cost me much to get or to hold on to it, so it was mutually or positively geared, it would probably be worthwhile.

That is what I did. I bought a block of four, neutrally geared with the seller financing. That means no money down. I got into the deal without any money down. It was a little bit positive, but not a huge amount, but what do you think happened over the ensuing two years? I rode the wave - this is the stuff that you should be looking for. When you are looking at prime locations like water, views, proximity to amenities, those kinds of things, these are properties that will always sell first. They will always be in higher demand. So depending on how liquid you want your assets, they could be better areas to focus on.

If you are getting a 15% return on a million dollar property, how much are you getting as an increase? $150,000. But if you bought another place that only cost you $100,000, you have still got a 15% return on your money - $15,000. It is proportionate to the dollar that you have got to put in to actually make it happen as well. When you see rising renovations and constructions in an area, what you are normally finding is an area that is in transition. This is an area that is improving. You have got people that are starting to take pride in their property, they are improving their property. They are not run down. They are fixing their gutters, they have landscaping, they are rebuilding. All of that indicates an area in transition so in that area, what is the ideal property that you should look for? The oldest dog box you could possibly find because it will have a natural increase from everybody else's effort plus you have got the opportunity to get in there and do some work and exponentially increase its value yourself.

Never, ever buy in a stage eight of an eight stage development. They have already made their money and you are the piggy in the middle who has paid it. What you want to be doing is get in stage one or stage two or possibly stage three of an eight stage development with a developer that has got big pockets with big bucks to spend on advertising and marketing. When you are in that situation, what you are doing is riding on the back of their bucks or their dollar because they will force the market. They will make that market increase because of their advertising and effort in the marketing of the whole process. You are just riding the wave with them. Such areas, you start to have a look at. If you look for areas that have got a 10% growth strategy, 10% is what you predict a particular area to do and you are putting in your 20% or your 10%. You cannot go wrong.

If you are putting in 20% deposit into something which is coming out of savings and other bits and pieces to be able to accumulate and you are buying in an area that has a 10% growth or better, your fortunes are guaranteed so all you have got to do is be able to keep your eyes open and identify areas that are going to achieve at least a 10% or better return on your money. If you bought something at $250,000 and after seven years it goes to $500,000, you would have made $250,000 and would you be pretty happy with yourself. If you are putting in a 20% deposit and claiming depreciation along the way, it is going to be at least neutrally geared if not positively geared by the end of that five year period. But it has not cost you a lot to do that. These are the kind of circumstances where sometimes negative gearing is the right thing to do. However, you have got to work it into your overall strategy.

Case Study: Suzanne

Position pre Dymphna two day conference June 2004

PPR value: $320,000

Mortgage: $256,000

Married, 2 children aged 3 & 6 yrs Employed as a disabilities carer Husband employed as a postman.

Suzanne is someone who came to a two day event of mine in June of 2004 and decided that this was what she wanted to do and then became part of one of my coaching programs.

Suzanne is from Melbourne. She started with her principal place of residence of $320,000 and it had a mortgage of $256,000. She was married with two children, three and six. She worked as a disabled carer and her husband was a postman. That is a pretty modest start. This is what Suzanne did in 18 months.

Deal 1:

Price	$270,000
Cost of project	$185,000
End value	$645,000
Profit	$190,000
Time	8 months

Chunk deal process:

Block of 3 units in Ballarat, Victoria. Came with plans and permits to build 2 more units on the block.

Plan: Stata title units and build 2 new units (put these on separate titles)

She had a few joint venture partners along the way but one of her properties, she bought for $270,000. The cost of the project was $185,000 and the end value when she finished doing things to it was $645,000, which gave her a profit of $190,000 in eight months which was how long it took her to do that. It was three units in Ballarat and she basically renovated and strata titled them.

Deal 2: Laverton

Joint venture deal

Two house – 4 bed, 2 bathroom per house

Purchase	$170,000 for both
Rental income	$400 per week total
Positive Cash flow	$140 per week

This property in Laverton was a joint venture deal. It was two houses, both with four bedrooms, two bathrooms per house, the purchase price of $170,000. The rental was $400 a week and the positive cash flow in this one just as it sat, just for buying it, was $140 a week because of the way she structured the loan.

Deal 3: Four dwellings on ½ an acre in Newborough, Victoria.

Plan: Renovate each house and subdivide so that each house is on a separate title.

Price	$245,000
Cost of project	$ 70,000
End Value	$435,000
Time	6 months
Profit	$120,000

The next deal cost $245,000. It was four dwellings on half an acre in Victoria. She renovated each house, subdivided them and then put them under separate titles. The cost of the project was $70,000. The end value was $435,000 after just six months time which resulted in a $120,000.00 profit.

Deal 4: Kalgoorlie / 23 units complex

Purchase price	$295,000
Current value	$335,000
Rental per week	$ 1,625 p/week
Positive cash flow	$ 1,149 p/week +
Washing machine	$ 50 p/week

This deal was in Kalgoorlie, it was a 23 unit complex purchased for $295,000. The current value, at the end of the 18 months was $335,000. This property is now worth over $1 million. Rental on the property was $1,625 per week. I spoke to recently and she said the rental on that now is $2,100 per week. Additionally she had passive income at the end of the 18 months that was $1,150 a week plus she had a little extra income through installing coin operated washing machines from which she gets an extra $50 a week.

Deal 5: Blackwater, Qld

Residential block of land

Purchase price	$42,000
Sold	$70,000
Time	5 months
Profit	$28,000

The Suzanne did a little land deal out in Blackwater, Queensland. Purchased for $42,000 it was sold for $70,000 in five months resulting in a $28,000 profit.

Deal 6:

Purchase price	$27,000
Current Value	$55,000
Rental	$ 90 p/week
Positive Cash Flow	$ 23 p/week

This next deal was in Western Australia. It was purchased for $27,000, in a very small town in Western Australia but in a town that had good strong rental. The current value at the end of the 18 months was $55,000. Rental was $90 per week and probably is still at $90 per week which meant that it had a positive cash flow $23 a week.

Deal 7:

Purchase price	$210,000
Current Value	$310,000
Rental	$ 510 p/week
Positive cash flow	$ 210 p/week

The next deal was also in WA, remembering that Suzanne lives in Victoria, she is investing all over Australia. The purchase price of this property was $210,000 with the market value at the end of the 18 months at $310,000. The rental was $510 a week which resulted in a positive cash flow $210 per week which is $10,000 a year! Will that make a difference in your life? Particularly, when you add up the income on these this deals, collectively including growth Suzanne has created a net income of $150,000+ a year!

This amounts to such an enormous difference to your lifestyle, your paradigm, your everything.

Suzanne's portfolio so far:

Total income	$ 2,885+ p/week
Total gross income	$180,000+ p/year
Total net income	$150,000+ p/year

Now this was the tally. She was earning a total passive income of $2885 a week which had a growth income of about $190,000. Because she paid a PA to look manage things and everything else it amounts to a net figure of about $150,000 a year

Now, do you think her journey was hard? Probably, she has got two small kids. She is working part time as disabled carer and she is trying to fit this in around everything else that she does. Her husband is doing his bit as well, working as a postman. How much Desperate Housewives do you think she watches? None - and that is what it takes. Yes, it can be done and look, now that she is in that position, do you think she will ever have to do that again, no. This is the life. This is what you can do in such a short period of time. It will be hard and yes do have to make it work and yes you do have to be focused and yes you kind to have to miss Desperate Housewives sometimes or all of the time, but it can be done.

This is the difference that you can make and you only have to do it once. Because, every time you do it, every deal that you put together that puts that extra $100 a week in your pocket means that you never have to work for that $100 again. It gets easier and easier and easier.

Renovations and Rehabilitations

The renovation industry is $3.6 billion a year industry. In fact, if you just focus on income, you will eventually run out of equity. I ran out of equity quite early in the piece so had to manufacture some growth to create additional equity so I could move forward.

Renovation 1

Purchased	$135,000
Renovations	$ 45,000
Sold	$280,000

To create equity I bought a property for $135,000. It was totally dilapidated so I spent $45,000 renovating it and sold it a year later for $290,000 for nearly $100,000 profit.

That was pretty good I thought at the time... No! I sold it! Why would I be so stupid to sell the property that is now worth over $450,000 had I kept it? I was too shy, I got misled. My darling real estate agent, who is still one of my good friends, talked me into it. If I needed the money, it would have been the right decision, but that time, I actually did not need the money, I needed the equity. I can borrow equity and use it, I did not need to sell it and pay tax on it to get it. It was looking after itself so I did not really need to do that.

Renovation 2

Purchase price	$ 30,000
Purchase Costs	$ 1,500
Renovation	$ 6,000|
Renovation time	13 days
Sold	$82,500
Profit	$51,000
Time frame	3 months

I bought another property. It was totally run down, but I bought it for $30,000. Now, I didn't have the money so I had to put the deposit on my credit card so I could go and get 90% borrowing on this. So believe it or not I put $3,000, on my credit card and that was my deposit to buy this property. The renovation costs $6,000 and that also went on my credit card.

The renovation time took 13 days. Now, understandably, the average person could not have done that in 13 days and it was not me either; my darling husband and my brother went off and did this. We didn't have a lot of time but we had this window of opportunity in which to get it done and so we did. I would buy materials at the auctions and send it to the property and my husband and my brother would be up there doing the work and the managed to do the renovation in 13 days. After three months it was sold for $51,000 profit at $82,500. Again, I made the mistake of selling!

Renovation 3

Purchase price	$59,000
(after $4,000 rebate for repairs)	
Renovation Costs	$ 10,000
Rented	$ 145 p/week
Revalued	$105,000
Cash back in pocke	$ 34,000

The next renovation was a property purchased for $59,000. The renovation cost $10,000 renovation and I rented it out for $445 per week, learning this time and not selling it but through revaluation allowing access $34,000 in equity – tax free because it wasn't sold.

Characteristics of a chunk deal

- Renovations
- Off the plan purchasing
- Prime locations
- Emerging economies
- Subdivisions
- Distressed sales
- Strata titling
- Public perception
- Under market value
- Mortgagee sales

- Deceased estate
- Speculation
- Development
- Re-zoning
- Gaining Approvals
- Building on land

Chunk deals are something that can potentially, give you accelerated growth. I go into a lot of detail in all of these and a whole lot more as part my courses but it is too much to cover here.

Case Study: Wanda

Wanda has been part of a number of my courses. She was 53 when she started with me and she had a very distinct plan. She wanted to pay down as much debt as she could on co-properties before she was 55 which is when she wanted to retire. Risk was very important to her. She did not want a lot of debts. She was prepared to go into debt to make money to reduce debt and that was her philosophy that we have worked together on that that might happen.

Now, we stuck to that philosophy. After two years she has $5 million worth of property with $3 million worth of pure equity. Since then she has put a new peg in the sand, it was a bit bigger so now she given up work because she absolutely love the game and the third game was doing chunk deals, manufacturing growth and making a chunk of money like the one I am about to explain.

She wanted to pay down the debt on a number of properties that she wanted to own long term; for the rest of her life and with no debt. This was her safety net, her superannuation that she planned live on when she retired and she was paying down the debt on these properties very quickly.

She worked full time over two years where she did most of this at night. She recognized where the area was that she liked to invest in and would not go outside of this area. She was not prepared to look at anything else. She found that in this area an office that had a car park with it was worth more than an office that did not have car park. A car park came available on its own for $20,000. You cannot normally borrow on a car park so she bought it and paid cash. Then she went shopping to try and find an office that she could marry up with it. She found a medical suite not far away from the car park and she bought for $150,000. Within three months, she sold the medical suite and the car park together as a unit for $300,000, giving her $130,000 that she now had in her hand to pay down debt on one of her co-properties. That is the strategy that she did creating a chunk of money, paying it down on debt on the co-properties, the properties that she wanted to keep in the long term. This is just one of the possibilities.

This next deal that was sent to me by one of my buyer's agents in New Zealand. This particular buyer focused on a certain type of property which I like. I was too slow of getting back to him, so I was not the one saying, yes put a contract on it, because I was not available. So guess what? He picked up the phone to ring somebody else. But this was the deal:

Deal: Waikato University's doorstep!

Purchase price $1.62 million

Strata titled the block of 10x3 bedroom units

Rents increased from $250 p/week to $300 p/week

On selling now at $205,000 each

Profit $430,000

Time Span 3 months

$1.62 million was the purchase price of 10 units, but that were already Strata titled so they were already broken down onto individual titles. They were all three bedroom units but they were at random market rental. They should have been rented the $300 a week, were currently rented at $250 a week.

What the buyer did was negotiate a long contract. The builder who owned these units was building another property in the area and he needed an unconditional contract to enable the bank to give him bridging finance to be able to continue his project. The buyer that bought this negotiated a three month contract on it and then went about selling off those properties, no renovation nor anything individually for $205,000 each. He sold all of them on simultaneous settlements within the three months and put into his pocket $430,000 without taking any money out of his own pocket. That is not bad work for three months and he did it part time on the side while doing whatever else he did.

You can apply the same to a business. One of my students is actually a butcher and he took the philosophy that I use in real estate and applied it to his business. He is a butcher but what he does can be applied to a whole realm of businesses.

As a butcher he would go in and buy a butcher business that was losing money. He had a particular philosophy as to how a butchery business should run. Number one, he would normally get rid of all the old stuff. Then he cleaned it up. He had a particular way of presenting his meats, nice bright colors, big signs, all that kind of stuff and he hired young butchers that were very good at cutting meat and were good at selling. His business boomed. He would buy a business for like $20,000 for the stock and typically would then sell it in three to six months, sometimes 12 months for anywhere from $150,000 to $300,000. That is good money.

Buying Growth

While in the US, Karen had a particular interest in Florida and these are some of the properties that she had picked.

Growth Pick:

Price	$265,000
Rental	$ 14,400 / year
ROI	5.4%

The purchase price on this one was $265,000. The rental on the property was $14,400 a year which has a return investment of 5.4%. Why do you think she would be interested in this property? Because across the road was a beautiful house that was worth $950,000 and her calculated estimated growth was 20-30% based on the fact that this property was across the road.

Case Study: Kemorine

Kemorine is a model. She would do anything not to break her fingernail. So when she entered the property market, we had to define some deals so that she did not have to actually do anything or break one single nail with.

Deal 1:

Purchase price	$275,000
Strata titling costs	$ 10,000
Current rental	$ 600 p/week
Strata Titling Profit	$ 95,000

Kemorine bought a property which was $275,000. She paid a consultant to strata title the units so she did not have to do anything herself. She paid the consultant $10,000 to do the strata title. The block of units was already renovated beautifully and they were rented out for $600 a week. Each property went up. So just by shuffling paper and signing of few documents she made a profit of $95,000.

Deal 2:

5x2 bedroom units

Purchase price	$340,000
Rental Income	$ 750 p/week
Strata cost	$ 10,000
Value post strata titling	$460,000
Profit	$110,000

She bought another one very similar which was a block of five units at same deal and $110,000 profit. The two deals took a total of three months and she had a positive cash flow on the property at the end, she made over $200,000 by merely only signing her name, without too much challenges.

A couple of years ago I led a few groups in Victoria. One lady present said that there were no deals to be had in Victoria and that you would not be able to find anything in Victoria. So I started to have a look and found a house in Myrtleford.

Advertisement:

Myrtleford

House $10,000

FOR SALE AND REMOVAL

Easily transported, this weatherboard dwelling with tin and aluminum cladding consists of kitchen / lounge / dining in an open plan living area, floor boards throughout, 1 large and 2 small bedrooms, 1 bathroom and a laundry.

GREAT BARGAIN.

There was no land attachment but I wanted to see if we could move that house somewhere and make some money but manufacturing some growth.

First of all I have to find out how to go about it, because I did not know. At $10,000 it was aluminum clad with two bedrooms, it was not really flash but wasn't too bad either. Land in Myrtleford sold at the time for about $40,000 so with land and removal costs which would be about $10,000 it would cost up to about $65,000 to move it onto the block. It would be another $10,000 making it $75,000 to connect it to all of the facilities etc. and then maybe another $10,000 for landscaping. So I am now up to $85,000. Okay, that sounds fair.

Now I needed to find out what houses in Myrtleford were selling for. One I found that would have been similar at the time was $140,000.00 reduced from $150,000. It was a two bedroom house that was quite pretty with timber floors, heating and I could make mine fairly similar.

There was another one for $138,000, a low maintenance, aluminum clad, two bedroom house, nothing very much different from the other property. Now, even if I could only get $120,000 for mine, I could still make $45,000. Look for these deals. Look for the opportunity all the time.

Case Study: Julie

39 divorced with 1 child

Before starting with me Julie had no savings, no settlement, no property, no debts, but a good job.

Deal 1:

Port Hedland $230,000

Rented for $ 300 p/week

Renovation costs $ 1,200 + hard work

Across the road from the beach and Spoilt Bank Yacht Club

Current estimated value $350,000

Intention to subdivide and build a duplex on site.

Julie bought a property in the town where she lived which was in Western Australia in Port Hedland. It was pretty ugly and run down, but was $230,000 and it rent for $300 a week. She renovated it doing most of the work herself so it only cost her $1200 so it looks good now. But the thing is, when I visited her and I walked around the property, she had only painted the front of the house. Upon questioning her about this, she said nobody ever paints the back of the house in Port Hedland but, she managed to increase the value of the property by $50,000 and she did make some money on it. She also has some room at the back of the property to put a duplex and to subdivide it.

Manufactured Growth Example:

Purchase price $340,000

Partly finished renovations – currently unlivable

Paid	$320,000
Renovation	$100,000
End value	$950,000

Financing Option – conventional and hard money

90% hard money until completion and refinance

Another property that Karen picked in the US was one that she bought again because it had a huge and beautiful house across the road. It required major renovation. It needed $100,000 spent on it to make really nice but it would then be valued at $950,000 and on a deal like that you will end up being able to finance that through a thing called 'Hide money' which we really do not have here in Australia but it is a private money fund that lends on this kind of stuff all the time.

Case study: Rob & Kylie

Purchase Price	$295,000
Renovation costs	$ 20,000
Revaluation	$390,000
Profit	$ 75,000
Time	6 weeks

Kylie is in my Platinum Program and her and Rob did a renovation on a $295,000 house which cost $20,000. It put $75,000 back in their pocket in the way of equity after it was revalued at $390,000.

Case Study: John

Ballina Development	$367,000
Current rental on house $	220 p/week

Medium density development block on Ballina Island. Tenant wants to stay.

John bought a development block that had on it a little old house that needed renovating for $367,000. He also built a duplex out the back that cost $190,000 to build. On completion the duplex and the house was rented and the whole block was revalued in excess of $750,000.

Example:

Old Pizza Hut Building

Sold	$ 680,000

New façade, renovation and new tenant

Valuation	$1,300,000

Another example is an old Pizza Hut building. It was one of those opportunities that you would have driven past everyday and missed. I drove past it. The Old Pizza Hut closed down and for about 6 months nothing happened to the building until somebody came along and could see a much bigger picture. They put it on an extended settlement, long contract, and in the contract phase they built up the façade. The original Pizza Hut roof is still underneath the new built up façade which was created to alter the look and make it appealing for a new commercial tenant which turned out to be a very good commercial tenant. Just after settlement the building was revalued with the new tenant in place for $1.3 million. So please open your eyes to this kind of possibility as you drive past. Find other plan, opportunities are when you see the block with the for sale sign, before the deal when it was ugly. Do something with it, look for some opportunities.

Negotiation Skills

One of the things that my course can teach you are techniques of actually how to negotiate. Good negotiation skills will allow you to purchase property at much lower prices than you might otherwise. Those savings alone will enable you to buy properties saving in the long term way more than the $3,000 you will be paying to be part of my program and work with me for a year.

Remember that flexibility is always on your side. The deal will be as flexible as your imagination allows it to be and if you are not then you may already have your 'no'. Think about that. If you do not ask, you have already got a 'no'. You will never know if a vendor is going to say 'yes'.

Do not forget to put your foot on the deal with a conditional contract to secure it while you are doing your analysis so they cannot sell it to anybody else in the meantime. Have a finance clause in there, a building inspection clause, any kind of clause you want in there to make it yours and nobody else can have it but you at that price unless you choose to back out of the deal.

Sharing Knowledge

Sharon and Andrew started with me a number of years ago and they have done numerous courses with me. They are up to 34 properties and now live off their passive income and they actually spend most of their time helping their dad do the same. Doing this, changes your life, it changes your circumstances making your life better. That is what gives me the biggest thrill, sharing the knowledge, passing it on to other people. These guys have impacted an amazing amount of young people in their town by their success. You cannot help somebody unless you are successful yourself. You cannot lend somebody a hand to get to pull them up unless you are in a position of strength yourself. So if I can help you to get in that position of strength you can pass it on like pebble in the pond, that ripple effect.

My reason for doing all of this is my kids and my husband Brian. We live on a beautiful property that I have cased out on the Sunshine Coast, completely surrounded by rainforest. I love it. I am a country girl. I have set up a profit center on my property where I live. From there I run a commercial farm that I can take advantage of for tax purposes and everything else. But I have set it up in such a way that I got a profit center operating. I grow hydroponic lettuces. I produce 2,600 lettuces a week, which produces sufficient income to pay for full time farm manager to be there plus a part time assistant. That gives me the flexibility to go away, travel, do whatever I want and farm is maintained. He looks after the garden, he does the landscaping, he mows the lawn, he grates the road, he grows my organic vegetables, the only thing he doesn't do at the moment is milk a cow which I am trying to convince him to do. He hates milking cows he tells me. This is a financial model that I put together to support my lifestyle decision.

As you move forward you will be able to do exactly the same. Some of the models will be based on a pure profit-like business set up and some will be based on a lifestyle like mine. Or, if for instance if you like driving Ferrari cars then maybe there is a business model that you can put together with luxury hire cars that enables you to have a Ferrari car for yourself; private use for the business model. Or, maybe you like airplanes, maybe you like boats, maybe you like stamp collections, maybe you like crystals. I do not know, but when you start to think in business models and you start to think from profit centers you will paradigm shift. Your possibilities shift. You have got to open yourselves up to the possibilities, to the realities that are there, and if you do not expose yourself to the things that you really want, you do not spend time actually thinking about what you want, then how on earth can you ever expect to be able to achieve it?

Not enough people stop and think about where they are at, where they are heading and what they actually want, because if you do not know you cannot have it. You cannot achieve it. So spend some time doing that stuff. Think about what you are going to achieve, whatever that is. I know from experience and I know from my friends, some of them we consider exceptionally wealthy, and every single one of them will tell a major component, a major ingredient for their success has been an awful lot of money spent on education.

Some of them have learnt through courses while some it has been through learning from other people, but it is always consistently going on. It never stops, continually learning and growing and experiencing, expanding, that is how you continue to get ahead. That is how you continue to increase your wealth and have more success. Do you think it could possibly be that I could potentially teach you a little bit more? Those of you who would like to come on that journey with me, I would love to have you part of the team. I would love to have you as part of that relationship for many, many years to come. I would love to be able to make that difference in your life so that you can pass it on.

Many years ago, I had a lady come to me in my accountancy practice, and she was of Chinese descent. She just came back from China and she was very emotional about her trip to China, because she did not go on the trails and the tourist tracks, she actually went back where her family came from. She saw first hand some of the tragedies that happened, how people lived, and what their reality and paradigms were. She also saw the results of a policy in China called 'one baby policy'. She saw little baby girls being killed at birth. Because, little baby girls were not favored as much as little baby boys, and this affected her so profoundly, so deeply that she wanted to make a difference. She wanted to change the lives or the potential lives of those little baby girls. But, she was also smart enough to recognize that she could not do very much, she could make much of a difference unless she was financially secure herself. She needed to be in a position of relative strength to be able to achieve that. So I worked with her for about a year to give her a financially stable situation so that she could go to China and she could setup orphanages and that is exactly what she did.

I ran into her a couple of years after that when she had two orphanages and she told me that she had saved literally hundreds and hundreds of little girls lives, and she was in the process of negotiating with Western Societies to be able to adopt some of these children into the Western Societies.

This sort of thing is so rewarding, so special, and so amazing for me to have been a little part of making it happen. By me getting her to a position of financial strength she was able to go off and follow her passion and pass it on in her own way. I feel satisfaction for all those little baby girls that she helped in some way that I might have had a little part in there. That is amazingly special to me.

I am privileged to have been able to see the effects of my work. I have been privileged to be able to see one lady that I helped in Central Western Queensland in a town that was devastated by drought for a lot of years. The town had lost hope; no money, not able to even send their kids to the off the land or to private schools or anything else. The town had lost hope. The farmers did not have the money to buy the bread so the grocers did not have the money to pay the supplies. The whole town was dying, it was crumbling under itself.

I had the privilege to be able to help that one lady in that one society. She was a farmer's wife. I helped her initially and then her husband joined in as well. Together, they started to change their financial position by creating passive income. She went on to teach the same skills to other people in her little country town. She taught her sister, her aunt, the lady down the street. She taught the country women's association. They got together and they had a little share group going to help the others who maybe did not have the equity to make it happen by themselves. That town's attitude changed. It changed to an attitude of hope. They realized that it did not have to be this way. They created businesses. They set up this craft business with the wool industry and they exported to other countries and suddenly they have got this little industry. They now own a factory, communally. They employed the kids so they now have a future too. I saw the difference that, that woman and her husband made. That is so special.

Wherever you are at right now, I want you to think about what difference you are going to make. The difference that you are going to make when you are in a financial secured position, when you have got that peg in the sand and all of your basic needs are covered and you are shooting for the next thing. What are you going to do to pass it on?

Somebody very, very wealthy who helped me out in the early stage with some advice said to me "Part of your success is a responsibility to pass it on." I say the same thing to you here now. You have a responsibility to yourself to achieve that 'peg in the sand' and responsibility to yourself and the others around you to pass it on.

I hope I have been able to pass some of that on today. I hope I will see most of you come with me in that journey and make that difference to be part of the process. I cannot wait to see your journey and the outcomes of what happens, and to be part of that relationship for many, many years to come.

Coming Attractions

Coming up next month in **The Millionaire Confidential...**

- Christ Attwood interviews The World's #1 Peak Performance Coach, **ANTHONY ROBBINS.** No-one understands the psychology of success like Anthony Robbins. It is only through emotionally conditioning yourself that you'll experience the creation of, and the real sense of, your ultimate success. In his intense, immersive interview, Tony reveals how you can master the state that optimises your potential for success – and call it up at will.
- **DYMPHNA BOHOLT** will continue to inspire and educate you on the possibilities that exist in the Australian real estate market today with respect to cash flow positive property.

Until next month...

Signed with Success,

Jon Giaan, Director
Knowledge Source