A dark purple background with several US dollar bills falling from the top and sides, creating a sense of motion and wealth.

# **HOW TO WIN THE GAME OF MONEY**

**Life is a Game of Time and Money!  
We Are All Playing The Game!  
Are You Winning or Losing the Game of Money?**



**Presented by  
The Win the Game of Money Institute  
Bob Ritchey, Founder**

# INTRODUCTION

**“When it comes to being rich or poor there are two types of people...those that have wealth creation systems and those who work for those who have them. Which one are you?”**

In January 1995, I attended a seminar hosted by the Bakersfield, California, Association of Realtors®. There were over 300 real estate agents present. The guest speaker was Walter Sanford, one of the top real estate trainers in the country. As Walter approached the podium, the first thing he did was ask a very interesting question:

**“What is your exit strategy from real estate?”**

What happened next was that just about everyone in attendance started looking at each other and thinking, “What’s he talking about?”

I knew exactly what he was talking about because I had already started working on my exit strategy. In 2003, I retired from real estate with a passive income of over \$100,000 and in 2005 I moved with my family to our dream home in South Lake Tahoe, California. I’d like you to give some thought to Walter’s question:

**“What is your exit strategy from your job or profession?”**

Do you have a goal for your family to become financially independent in the future? How much money per month would you need to retire in the lifestyle that you would like to retire? In the last 5 years, how much have you saved and invested for your future? If you continue to take the actions that you have in the past will you be able to retire when you want with the lifestyle you want?

***In a typical week, what percentage of your time is directly linked to time spent in the area of asset accumulation?***

***Are you directly involved with cash-flow generating activities?***

**This booklet is about the power of cash flow!**

## What is the most effective use of your time?

If you have a job and are an employee, you are working hard for something you will never own and could never sell. And if you stop working, the cash flow will stop. A job is a short-term solution to a long-term problem...the problem of how we survive financially, especially when we are not working, or are not able to work any longer, or lose everything and have to start all over again.

You may ask, "How can I become financially successful, if I don't have any time or money?" First of all let me ask, "How do you feel about not having any time or money?" Is anything going to change if you don't start changing? If you continue to think the way you've thought, you will continue to get what you've got! Is it enough? What will be the consequences for your family if you don't reach financial independence? If you don't have a plan to succeed, you have a plan to fail!

The key to a successful exit strategy for everyone is residual or passive income. Residual income gives you something that your earned income cannot - time freedom. It allows you to have quality time with the people that bring quality to your life. Given the choice, wouldn't you rather have more money and the freedom to enjoy life more?

I want to share with you the principles for financial success. The first step to become financially independent is to become financially intelligent.

This is the secret of the rich! We are going to say the word "rich" throughout this booklet. We are not talking about becoming a billionaire, even though these principles apply. To develop an exit strategy will involve the development of some wealth.

Most people don't see the trap they are in. The main cause of poverty or financial struggles is fear and ignorance, not the economy or the government or the rich. It's self-inflicted fear and ignorance that keeps people trapped. Most people become a slave to money. The fear of being without money motivates us to work hard, and then once we get our pay check, greed or desire starts us thinking about all the wonderful things money can buy. The pattern is set. The pattern of get up, go to work, pay bills, get up, go to work, pay bills...Their lives are run forever by two emotions, fear and greed. Offer them more money, and they continue the cycle by also increasing their spending. This is what I call the Rat Race. A high-income, a big house, nice cars, and lavish vacations do not mean you're financially successful. In fact, it could mean exactly the opposite.

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\*Some of the information in this report comes from several books written by Robert Kiyosaki, author of "Rich Dad, Poor Dad," "Cashflow Quadrant," "Who Took My Money," and "Retire Young, Retire Rich."

## **THE GAME OF MONEY**

"Americans greatest fear is running out of money during retirement." – USA Today Survey

"It is a very plain and elementary truth that the life, the fortune, and the happiness of everyone of us, and, more or less, of those who are connected with us, do depend upon our knowing something of the rules of the game". - Thomas Huxley

"The primary reason people struggle financially is because they do not know the rules of the game and they take financial advice from poor people or salespeople." – Robert Kiyosaki

"Your philosophy is how you think and feel about everything you know. A person's philosophy is the greatest determining factor in how their life works out." – Jim Rohn

"You must be good at one of two things; sowing in the spring or begging in the fall." – Jim Rohn

"Every intelligent person knows the importance of planning and investing in the future!" - Robert Kiyosaki

# **WINNING THE GAME OF MONEY**

## **LIFE IS A GAME OF TIME AND MONEY**

A game is often broken into quarters. For example, a professional football game is played in fifteen-minute quarters. For many people, we leave school around twenty-five and plan on retiring at age sixty-five. That means the game of money we play is forty years long, which means that a quarter of the game is ten years in length.

### **THE GAME OF MONEY**

<u>Age</u>	<u>Game Period</u>
25 to 35	1st Quarter
35 to 45	2nd Quarter

----- Halftime -----

45 to 55	3rd Quarter
55 to 65	4th Quarter

----- Overtime -----

Out-of-Time

## **HOW DO WE WIN THE GAME OF MONEY?**

The game of money has nothing to do with the amount of income you earn each year. There are plenty of people in this country that make lots of money and never come close to winning the game of money.

You are the head coach for your team. Your personal family members are the stockholders of your team. Your players are made up of money to invest and time to invest. If you don't have money, invest your time to make money so that you will also have money to invest.

To win the game of money, a person has to use these two players to become financially independent sometime in their lifetime.

**What is financial independence? It's having enough income independent of working to maintain your lifestyle for the rest of your life.**

**Do you have a detailed set of financial goals and a written plan to reach those goals? How many hours a week do you spend on your financial plan?**

**Ignoring the game doesn't mean you're not playing the game. It means you are losing the game. Refusing to keep score doesn't mean there is not a score. We are all playing the game!**

There are essentially two ways to win the game of money:

1. Acquire enough capital gain (net worth) assets that you can sell over your lifetime until you die (or)
2. Acquire enough cash flow assets that will provide income over your lifetime.

## **THE DIFFERENCE BETWEEN AN ASSET AND A LIABILITY?**

Robert Kiyosaki's second book is "Rich Dad – Poor Dad, What the Rich Teach Their Kids That the Poor and Middle Class Does Not." He teaches that the key to financial success is to first develop *financial intelligence*.

It is very important that you understand the difference between an asset and a liability.

Asset – something that puts money into your wallet

Liability – something that takes money out our your wallet

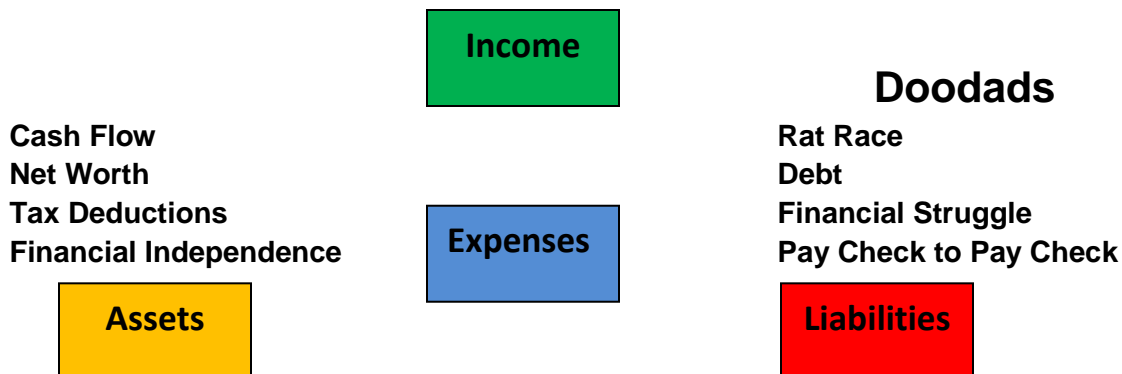
Doodad – something that you purchase with cash that just sits there

Based on the above definitions, is you house an asset or a liability? How about you car? Your children? They are all **liabilities**! I am not saying you shouldn't have liabilities. I am saying you need to know the difference between an asset and a liability.

# RICH DAD – POOR DAD

What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not!

What is the difference between the poor, the middleclass and the rich?



The poor earn income, pay expenses, and have nothing left over. They are just trying to survive.

The middle-class earn income, pay expenses, and have discretionary or disposable income. They live pay check to pay check. When they receive a paycheck, they do what they have been programmed to do since they were children, consume. They purchase liabilities and doodads. The middle class are swamped with letters in the mail telling them they are prequalified to obtain a special card that they can instantly borrow money on, a credit card. This means they don't have to practice delayed gratification, they can have their cake and eat it to. The average family in the United States has over \$8000 in credit card debt.

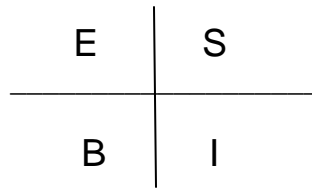
Next, the middle-class get other letters in the mail that tell them that they can borrow against their home, even if they don't have equity, so they consolidate their credit card debt and pay it off. Which of course means, they can start over with borrowing on their credit cards. Most people are living lifestyles based on income they haven't earned yet. Everyday when the middle class go to work, they are not just working for their employer, they are working for the banks and credit card companies they owe money to. The result is the middle-class get buried in the rat race, usually for the rest of their life.

The rich earn income, pay expenses, and also have discretionary or disposable income. But they come over in the “asset box” and start acquiring assets. As I have mentioned, there are two types of assets, cash flow assets and capital gains or net worth assets. A large majority of the rich focus on cash flow assets and slowly but surely increase the amount of income they earn from these assets. **Eventually, the cash flow from their assets becomes greater than their expenses. They have now won the Game of Money.**

**It doesn't matter how much money you earn in the “income box.” Winning the Game of Money is earned in the “asset box.”**

## THE CASHFLOW QUADRANT

In his third book, “Cashflow Quadrant,” Kiyosaki discusses four quadrants:



- (1) the (E) quadrant, the employee quadrant,
- (2) the (S) quadrant, the self-employed quadrant,
- (3) the (B) quadrant, the business quadrant, and
- (4) the (I) quadrant, the investment quadrant.

**Almost all of the population of the United States works in the (E) or (S) quadrant.**

There is no security and no financial success working in the E or S quadrants. What a person who wants to win the Game of Money must do is to learn about the B and I Quadrants and then focus time and energy working in those Quadrants.

Kiyosaki defines a *business as a system that creates income without the owner having to spend his time running the business*. It does take time and effort to build a business. But once its built, it must create the income without you being there. If you think you own a business, but you have to be there to run it, you are really self-employed.

Kiyosaki also states that most people who think they are investors are really not investors, they are savers. They never learn how to create a high yield on their money and therefore they are not overcoming the negative affects that taxes and inflation has on their investment portfolio.

Are you willing to change Quadrants? Some people are but most are not. Why? The answer is found in the word "change." It takes a brave heart!

## **CASH FLOW IS THE MOST IMPORTANT WORD IN THE WORLD OF MONEY**

I'm sure you have discovered that it doesn't matter how much money you earn each year, the next year you have to start all over? Your income is dependent on trading your time for money. How long could you live with your current standard of living if you got sick or injured and couldn't work for a significant period of time?

If you really want to gain control of your cash flow, you're going to need three key ingredients: Figuring out where you are financially today; personal discipline; and a game plan that's going to take you where you want to go.

The secret to financial success is to develop systems so that you put in some initial effort and you are paid over and over for that effort. This is how you build a money-machine. This is how you prepare an exit strategy.

## **THE THREE KINDS OF INCOME**

Do you earn good income or bad income?

If you want to win the game of money, you need to work hard for the right kind of income. There is good income and bad income. Most people do not become financially independent because they work for bad income. There are three different types of income:

1) **Earned income:** Earned income is you working for money. It is the income that comes in the form of a pay check, W-2 or 1099 income.

2) **Portfolio income:** Portfolio income is generally income from paper assets such as stocks, bonds, and mutual funds. A vast majority of all retirement accounts are counting on portfolio income in the future.

3) **Passive income:** Passive income is generally income from real estate investments and businesses.

**Passive and Portfolio incomes are residual income. Residual income is income you earn while your sleep.**

**The worst kind of income to work hard for is earned income. It is the worst for four main reasons:**

- 1) It is the highest taxed income and it is the income with the fewest controls over how much you pay in taxes and when you pay your taxes.
- 2) You personally have to work for it and it takes up your valuable time.
- 3) There is very little leverage in earned income. The primary way most people increase their earned income is by working harder.
- 4) There is often no residual value for your work. In other words, you work, get paid, and then have to work again to be paid again.

The trouble with working for earned income is that you have to keep working hard for it. **Passive and portfolio income, residual income**, is good income. It is good income because it is independent of your time. Eventually a person working for portfolio and passive income will pass the earning potential of earned income because you can work less, earn more, and pay less and less in taxes.

A suggestion: List how much you currently earn a month of the following types of income:

1. Earned Income \$ \_\_\_\_\_
2. Passive Income \$ \_\_\_\_\_
3. Portfolio Income \$ \_\_\_\_\_

Most people spend their lives working hard for earned income, which is why so few people become financially independent. It is the hardest income to get rich on. If you want to retire, you will need cash flow, passive and portfolio income. **Passive and portfolio income are the incomes of the rich.** The sooner you learn to acquire passive and portfolio income, the sooner you are on your way to complete a successful exit from the rat race. Not only will you be able to retire early; you may also feel more financially secure.

**If you work slowly acquiring assets your income potential is infinite and that income can be passed on for generations to come. Your job is usually not something you can pass on in your will to your children.**

## WHAT IS AN EXIT STRATEGY?

People in the (E) and (S) quadrants trade their time for income. To develop an exit strategy, you would need to come over to the (B) and/or (I) quadrant and create assets that make cash flow independent of your time. When the cash flow from your assets is greater than your personal expenses, you no longer have to work for a living and you can exit the rat race.

Assets or wealth is what you live off of when you become financially independent.

Everyone should pay some attention each day to the idea of your own personal exit strategy.

**Think about this!**

**Why would a person enter a job or profession without having an exit strategy?**

**Why would a person be excited about doing anything that does not build residual income?**

### **Assets Are More Valuable Than Money!**

Only five percent of the population realizes the value of assets over money. Too many people in the E or S quadrants are limited as to how many people or organizations they can serve...hence their income is limited. A true business owner in the B quadrant who focuses on building a business that continually serves more and more people will become richer and richer. They get the big reward simply because he or she builds a system or asset to serve more people. That is why a business owner can become rich exponentially and people who work for earned income struggle financially.

## CASH FLOW ASSETS VERSUS CAPITAL GAINS ASSETS

When a person says, "I bought this stock (or property) because I believe the price will go up," this person is most likely investing for capital gains. Capital gains is the dream of gamblers. A true investor first invests for cash flow not capital gains. When you invest for cash flow, you're investing in a money-back guarantee. If you invest for capital gains, you invest in hope. The biggest thief of all is hope.

On March 10, 2000, the NASDAQ was at an all-time high of 5048. On March 12, 2001, the NASDAQ was at 1923, a 62 percent fall in approximately a year. On this single day, shareholders lost \$554 billion on all exchanges.

Do you have a 401k? Are you willing to bet your family's financial future on your 410k? Are you making regular contributions no matter what the market is doing? This is like playing poker and the rules you are playing force you to bet every hand, no matter how bad the hand is. What ever happened to the philosophy, "Buy low, sell high." To retire on capital gains assets, you have to sell the asset and pay the taxes to get your money. The value of a capital gains asset is based on supply and demand. Stock and real estate are assets that go up in value when there are more buyers than sellers and they go down in value when there are more sellers than buyers. If the market is down and you need to sell your assets, what are you going to do? We have a giant group of people in their 40's and 50's with investments in the stock market getting closer and closer to retirement. They are called the Baby Boomers. What happens in the next few years when they start selling off stock and mutual funds to acquire cash to retire on?

Anytime you invest with the hope that something in the future will happen, you are gambling-and that is what investing for capital gains is. Sometime during those forty years, most people hope to earn and set aside enough money to retire on, to become financially independent. Very few succeed.

## **START PLAYING THE GAME OF MONEY AS SOON AS POSSIBLE**

Why will people go to college for 4–5 years or more and then enter the rat race for 40 years with very little chance of winning the Game of Money. Why wouldn't they learn how to build a successful cash flow asset that can help them win the game in a lot shorter time?

## **YOU MUST TAKE THE GAME OF MONEY MORE SERIOUSLY**

There are millions of people today who are working hard but losing the game of money. One reason they are losing the game is because many people are simply avoiding the game. Too many people are turning hard earned money over to the government in the form of excessive taxes or to total strangers who pay themselves first, and may or may not return their money to them when they need it.

What would happen if you win the game at half-time? When you're 45 years old? Then you will have an extra 20 years to have control of your time instead of your boss. What would you do differently starting tomorrow if you were financially independent?

# ARE YOU GOING TO BE A WINNER OR A LOSER IN THE GAME OF MONEY?

## HOW DO YOU KEEP SCORE IN THE GAME OF MONEY?

### YOUR FINANCIAL REPORT CARDS

I'm sure you have applied for a loan? Did the loan officer ask you for your report cards from school? Your financial statement is your report card once you leave school. It is a very important report card. So is your credit report. Another important report card is your wealth ratio. Your wealth ratio is how you keep score in the Game of Money! Let's determine your wealth ratio.

$$\text{Your Wealth ratio} = \frac{\text{Passive Income} + \text{Portfolio Income}}{\text{Total Expenses}}$$

You will notice that earned income is not part of the wealth ratio? It is very easy to determine your wealth ratio. If you will look at the last income tax return that you filed, you can determine your passive and portfolio income by looking at the bottom lines of Schedule C, business income, Schedule D, stock income, and Schedule E, real estate income.

The wealth ratio is a very important ratio to know intimately because it is a great indicator of how well you manage the business of your life. **Your exit strategy to win the Game of Money should be to make your wealth ratio equal or greater than one. The moment you make passive income and portfolio income a part of your life, your life will change.**

Earned income will never make you financially independent because it is dependent on your time. It adds no points to the scoreboard because as soon as you stop working, it stops.

One of the best definitions for wealth is: If you were to quit your job or profession today, how long could you maintain your present lifestyle before you would have to go back to work. When you wealth ratio is greater than one, the answer is “forever.”

Are you working the right plan? Who sold you your current plan for financial success? Do you need to change how you're spending some of your time? Crossing your fingers isn't a financial plan. We live in a superior country. Why wouldn't you have a superior financial plan?

## THE THREE DIFFERENT KINDS OF EDUCATION

There are three fundamental types of education. They are:

1. Academic or scholastic education: The education that teaches you how to read, write and do arithmetic.
2. Professional education: The education that teaches you the skills to work for money, such as learning to be a doctor, lawyer, plumber, secretary, electrician, teacher or realtor.
3. Financial education: The education that teaches you how to develop assets that produce passive and portfolio income.

The first question I ask people who attend my seminars is, “How many of you want to be financially independent?” About 99% of the attendees raise their hand. Next I ask, “How many books have been written?” The answer is: “All the books you need to make you as rich, as healthy, as successful as you want to be!” Then I ask, “If you were to invite me to you home and show me your library of books and tapes on financial success, would I be impressed?” Do you have a financial library? You need to be a serious student. Don't be causal or lazy in your learning. Life-long learning should be one of your most important goals! If you want to be financially successful, doesn't in make sense you have to make a study of it. Read books like **“Think and Grow Rich”** and **“The Richest Man in Babylon.”**

There are two important learning concepts that will help you maximize your success.

- 1) Your teachability index! – To become successful in any area of your life, you must want to learn. You must have a passion, enthusiasm, zest and zeal for self-improvement.
- 2) Your willingness to accept change and progress! – In order to increase your knowledge and progress, you must open your mind up to new ideas, concepts, and strategies.

**Your wealth ratio is a measurement of your financial education.** Simply put, without financial literacy and the knowledge of how money works, people are not prepared to face the world that awaits them, a world in which spending is emphasized over savings. **If you don't learn financial intelligence, you become a slave to money.** For most people, highly educated or not, it is not what they know that is costing them money, it is what they do not know that is most expensive. It is this lack of financial intelligence that causes many people to work hard professionally, often earning a lot of money, but failing to get ahead financially. Ignorance is not bliss! What you don't know can hurt you and your family!

**If you want to exit the rat race and win the Game of Money, increase your financial education and learn how to build, buy, or create cash flow assets.**

## **LEVERAGE IS THE SECOND MOST IMPORTANT WORD IN THE WORLD OF MONEY**

Leverage = Speed! Leverage is the reason some people become rich and others do not become rich. The reason less than five percent of all Americans are financially independent is because only five percent know how to use the power of leverage. **How much personal leverage do you have?**

Leverage is the ability to do more and more with less and less. If you want to develop an exit strategy from your job or profession it is very important to understand the principle of leverage. If you want to become rich, you need to work less, and earn more. In order to do that, you must employ some form of leverage. People that only work hard in the E or S quadrant have limited or no leverage.

## HOW GENEROUS ARE YOU?

You do not have to be rich or poor to be greedy or generous. Doing more and more with less and less is one form of being generous. The easiest way to become rich is by being generous. Anytime you want to earn more money, all you have to do is ask yourself:

**"How can I serve more people."**

"No man becomes rich unless he enriches others." - Andrew Carnegie

"Whatsoever a man soweth, that shall he also reap." - Galathian 6:7

This is a fundamental truth. It seems if you hand out good things and you consistently sow well, your rewards are guaranteed.

### **Why It's Hard to Get Rich**

It's hard or nearly impossible to get rich with a context and content that limits you to a 1:1 leverage ratio. It's hard to get rich because there is no leverage. When you look at the CASH FLOW Quadrant, you may begin to understand why it is harder for the left side of the quadrant, the E and S side, to get rich because of the leverage ratios. For the most part, the E and S side is all 1:1 ratio, with few exceptions. The (B) and (I) quadrants are where a person can develop leverage.

There are two different forms of financial leverage:

**OPM (other people's money) and OPT (other people's time).**

### **A Final Word on Generosity**

Generosity falls under the age-old law, the Law of Reciprocity. It is the law that states: "Give and you shall receive." If you want to become financially successful, you must first think about serving the needs of as many people as you can...first. The secret of creating riches for oneself is to create them for others. It's the law.

## DO YOU HAVE A RICH PLAN OR A POOR PLAN?

Most people have a plan to be poor. That is why so many people say, “When I retire, my income will go down.” In other words, they are saying, “I plan on working hard all my life and then I will become poorer after I retire.” Planning to work hard all your life is a poor plan.

## HOW FAST IS YOUR EXIT STRATEGY?

Are You And Your Plan On The Fast Track Or The Slow Track? How fast do you want to win the Game of Money? The idea of working all your life, saving and putting money into a retirement account is a very slow plan. It can also be a risky plan. It is not a plan for someone who wants to retire young and retire rich. Most people plan on being poor, retiring on less. If you want to win the game quickly, you must have a very fast plan that makes you richer and richer with less and less work.

### Can Anyone Become Rich?

Yes. What a person must do to become rich is not that hard. In fact, getting rich is easy. The problem is most people would rather do things the hard way. Many will work hard all their lives living below their means; invest in things they do not understand; work hard for the rich rather than work hard to make themselves rich; and do what everyone else is doing rather than do what the rich are doing.

There are habits that make you rich and habits that make you poor. Most poor and middle class people fail financially because they have poor habits. If you want to be rich, all you have to do is train yourself to have rich habits. Whether you like it or not isn't the issue. The fact is, if you keep on doing things a certain way, you will always get a predictable result. Negative habits breed negative consequences. Successful habits create positive rewards. That's just the way life is.

## What Does It Take To Become Rich?

If you truly want to win the Game of Money, the place to start is with your own realities. You must constantly control, change, and expand your realities. If you are not willing to expand your reality, getting rich may take a very long time. Your reality is simply what you think is real.

The fastest way to become rich is to be able to change your realities faster. That may be easier said than done for most people, because I have observed that most would rather remain with the comfort of their realities...even if it is a reality of financial struggle and constriction. Most people would rather live within their means than expand their means. Most people would rather be comfortable working hard all their lives rather than be uncomfortable for a few years, working hard at changing their realities, and taking the rest of their lives off.

## YOU NEED TO LEARN TO THINK LIKE AN ENTREPRENEUR!

**Actions have Consequences.** The results you produce, may they be success or failure, are the consequences of your actions." Your actions are the results of how you think. Right now you are exactly where you deserve to be based on the actions that you have taken and the habits you have developed in the past. This is the result of how you have thought in the past.

### **\*Do you need to change the way you think?**

Three of the most powerful books written on success are "Think and Grow Rich" by Napoleon Hill, "The Magic of Thinking Big" by David Schwartz, and "As a Man Thinketh" by James Allen. Do you notice that all three of these books have a common word? The biggest challenge a person has to become financially successful is to change the way they think! Do you believe that Donald Trump, Oprah Winfrey, Ross Perot, and Bill Gates think the same as the average person?

The rich think the opposite of the poor and middle class. The poor and middle class think that having a safe secure job or profession is smart. The rich think building a business is smart and job security is risky. Learning to build a business is like learning anything else. If you work for job security, you will work hard for most of your life. If you work to build a business, you may work harder at the start but you will work less and less in the end and you'll probably make ten to 100 to 1,000 times more money. So which one is smarter?

## **A NEW DEFINITION OF INTELLIGENCE**

Some years ago the Gallup Organization did a study of success characteristics of wealthy Americans. One of the qualities of success that they discovered was the factor of intelligence. However, in the study, intelligence was not defined as a matter of high I.Q. or good grades in school. Rather, intelligence was defined as "a way of acting." In short, if you act intelligently, you are intelligent and if you act stupidly, you are stupid, irrespective of your grades or your I.Q.

Now here is the question, "What is an intelligent act?" How can you determine whether an act is intelligent or not, either for yourself or someone else? The answer is simple. An intelligent act is anything that you do that moves you toward a goal of your own choosing. An unintelligent act is anything that moves you away from a goal of your own choosing. And, everything counts.

Everything that you do that is consistent with your goals, is by definition, an intelligent act and everything that you do that is inconsistent with you achieving your own self-determined goal is a stupid act. You must therefore resolve from this moment forward, to think and behave intelligently with regard to your goals. You can obtain everything that you desire by acting intelligently.

Everything that you do counts in some way. Everything either helps or hurts. Everything is either moving you toward your goals or moving you away. Everything either adds to the quality of your life or detracts from it. Everything counts. Resolve to act intelligently!

Everything in life is a matter of choice. Success is an attitude. Success is a habit. Success is easily available to all who want it, believe they can have it, and put their desires into action.

“One of the reasons many people don’t have what they want is neglect. Neglect starts as an infection then becomes a disease. Economic disaster begins with a philosophy of doing less and wanting more.” – Jim Rohn

“You need to operate on the principle that if you want something to happen, you have to make it happen. Success is a matter of understanding and religiously practicing specific, simple habits that always lead to success. Habits can be learned and constantly improved.” – Robert Ringer – Million Dollar Habits

**One of the best reasons for setting a goal is for what it will make of you in the pursuit of it.**

## **THE THREE MAIN ASSET CLASSES**

There are three main assets that people try to develop during their lifetime. They are:

1. Paper assets
2. Real estate
3. Businesses

It is up to the most individuals to develop their own retirement program. Most of the population has a majority of their assets in paper assets; stocks and mutual funds. There are many people today who have their portfolios filled with paper assets, feeling rich. There is a very big difference between paper assets and real assets, paper wealth and real wealth. If you are convinced that the stock market is the safe, secure asset you want to count on, consider reading Robert Kiyosaki’s book, “**Who Took My Money.**”

### **Who are the wealthiest people in the world?**

What quadrant do they spend their time in? How about Bill Gates? Michael Dell? Sam Walton? Ross Perot? The richest self-made people in the world are entrepreneurs from the (B) quadrant. Did you know that 84% of the millionaires in the United States use the (B) quadrant? The emotion in the B quadrant is patience. You cannot look at the near future to get paid. That is not the mentality of an entrepreneur.

Over half the wealth of the United States is controlled by 3½ percent of the population! They build and control this wealth with assets. At last count, Donald Trump owned 52 corporations.

## **The rich don't work for money, they build assets!**

**"PROFITS ARE BETTER THAN WAGES. "** – Jim Rohn

"You need to MIND YOUR OWN BUSINESS. Most people spend their lives minding someone else's business and making that person rich. To become financially secure, a person needs to mind their own business. Your business revolves around your asset column, as opposed to your income column. The rich focus on their asset columns while everyone else focuses on their income statements. Keep your daytime job, but start buying or developing real assets." – Robert Kiyosaki

## **THE RICH UNDERSTAND THE TAX CODE!**

**Part of financial intelligence is understanding the tax code.**

### **Owning Your Own Business is the Best Loophole of All**

If you work for job security, you will earn less and less the more and more you work. Today, the best way to earn more and work less is via owning your own business. It continues to be the best tax loophole in the world. One reason to start your own business is the difference in when you pay your taxes.

#### Employee

Earns

Taxed

Spends what is left

#### Business Owner

Earns

Spends

Pays taxes on what is left

A business owner can pay for those things with before-tax dollars while an employee pays for them with after-tax dollars.

There are two different tax codes. The first is for employees who pay most of the country's income tax. They have 3 deductions, (1) dependents, (2) mortgage interest, and (3) charity. A business, showing intent to make a profit, has over 150 deductions. Why do you think the rich stay rich? They take advantage of the tax codes. The poor and middle class do not. You can see that over a period of time, the business owner can save a significant amount of money that can be applied to other areas of life instead of just giving it to the government. **The rich understand and take advantage of this powerful benefit.**

I would like to summarize my thoughts in this booklet by discussing

## **YOUR FINANCIAL BATH TUB**

Another way of looking at the process we are talking about is to think of your financial success as a bath tub. Assume that the water in the tub represents your money/wealth. Our goal for our financial bath tub is to fill it up with money and make it overflow.

First of all, all bath tubs have drains. We cannot completely plug up our financial drain because we have to spend some money for our necessities. There is always money flowing out of our tub. We can do several things to reduce the size of our drain and we have discussed reducing the amount you spend on liabilities and doodads and also reducing the amount you spend on taxes. This will make it easier for us to fill up our financial tub.

Everyone's financial bath tub also has faucets. If you are single and have one job or profession, you will have one faucet. If you have two jobs or are married and your spouse has a job, you will have two faucets. Ninety five percent of the population uses these types of faucets to try to fill up their bath tubs. These people spend their time in the E or S quadrants.

If you went to the building department in your city and asked one of the planners if there is a law that says a bathtub can only have two faucets, he would tell you “no!” A bathtub can have as many faucets as you want. This is also true of your financial bathtub. You can add as many faucets to your financial bathtub as you want.

One-way to do this is to go out and get additional jobs, more E or S faucets. But you will get very tired and you will eventually run out of time. These are bad faucets!

Another way is to add “asset faucets.” These are B and/or I faucets. These are good faucets. Your financial goals should include adding cash flow generating asset faucets to your financial bathtub as soon as possible. If one of your faucets stops for some reason, the others will keep filling your tub. As you add more faucets and these faucets produce more income, a special event will occur. Eventually your income from your B and I faucets will become greater than the expenses going out your drain. In other words,

**YOUR WEALTH RATIO WILL BE GREATER THAN ONE!**

Which means,

**YOU HAVE NOW WON THE GAME OF MONEY!**

You can now turn off your E and S faucets. I want to make a suggestion. Get a picture of a bathtub and place it on your bathroom mirror or refrigerator. Every time you look at that picture, ask yourself, “**What am I doing to add cash flow generating asset faucets to my financial bathtub?**” This will cause you to actively seek to win the important **GAME OF MONEY!**

# WHAT IS THE PRICE OF WINNING THE GAME OF MONEY?

With any method of attaining financial success, there is a price and the price is not always measured in money. This price is different for different people. The only people who think life should be easy are lazy people. In my experience, many people are looking for the answers that will make their lives better in some way. The problem is that when they find the answer, they don't like it.

A successful person is willing to do what an unsuccessful person is not willing to do! The reason most people will never become financially successful is simply because they don't like the answers they are getting. And in my opinion, it has little to do with the answer; it is the price that is attached to the answer that the person really does not like.

**"Most people want to become financially successful. They just don't want to pay the price."**

The price for both security and freedom is to build income producing assets. This involves taking conscious risks, starting to understand win-win and becoming a giver instead of a taker. Service to others must become more important. There are no shortcuts to building a life of substance. It's an on going process. It takes time, real effort and a desire to become more than you already are. It's a worthy challenge. Will you take it? Are you willing to pay the price for both security and freedom?

Are you willing to:

- § Spend some of your time and effort learning about and developing assets
- § Become financially intelligent
- § Learn about tax benefits
- § Understand the law of generosity
- § Focus on cash flow assets instead of net worth assets
- § Learn about the power of leverage
- § Develop multiple streams of income
- § Keep score in the Game of Money
- § Become an entrepreneur
- § Pay the price for success

## **We all have a choice. In the United States, anyone can become wealthy!**

There are literally thousands of examples of people who have come from terrible, poverty stricken backgrounds to build financial fortunes. If these people from such meager beginnings can get rich, anyone can.

If you're living paycheck to paycheck, you will never, ever be wealthy unless you make some major changes. Financial independence is one of the most worthwhile goals I can think of. I feel like I owe it to myself, my family, my community, my country, and my God to reach this goal.

You need to do more than just read this eBook. You need to study it. You need to absorb it. You need to ponder the information presented. You need to change the way you think. You need to sit down and seriously review where you are now and where you really want to go. You need to go to Financially Success University and start studying. If you don't you will continue to get what you have. Is it enough?

Wishing you success and happiness.

Bob Ritchey

P.S. To build a financial fortress that can guarantee you both wealth and financial freedom, you need MULTIPLE STREAMS OF INCOME. Build one asset each year, until you have multiple types of faucets on your financial bath tub.

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