

FT: Robert Kiyosaki, welcome to So Money. It is an honor and a pleasure to have you on the show.

RK: Oh, thank you. Thank you.

FT: Obviously, you're known as the author of *Rich Dad Poor Dad*, the number one personal finance book of all time, over 25 million copies sold. The book you actually self-published this in 1997 and then in 2000 it became widely distributed. It is perhaps the most referenced, one of the most referenced personal finance books and as an author in the personal finance space, this is one of the books that I read to help guide me in my work. And now you have a new book. And so, my first question is, it seems Robert you said it all, you've said everything there has to be said about how Americans and people around the world should be managing their money, building wealth. What made you want to write this new book? What was in this book that you felt you hadn't said yet?

RK: Well, the new book is called *Second Chance* and it's really about one of my mentors. I've had many mentors and one of my mentors is a man named Dr. R. Buckminster Fuller. He's most well-known possibly for the geodesic dome. But he was known as a futurist. He could see, they call him the man who could see the future but he's the first guy that kind of systematized how a person sees the future. So, I began studying with Fuller back in 1967, if you can imagine that, and I hitchhiked from New York City when I was in school and I hitchhiked to Montreal, Canada to see Expo '67 but more importantly I wanted to see Bucky's geodesic dome which was a U.S. pavilion at the world's fair in Montreal. And, the Montreal World's Fair of '67 was the exposition on the future so I wanted to see the future. And, over the time I have had the pleasure and the benefit of studying with Fuller 3 times and each time I could better see the future.

FT: What is the future of money in 2015 and in the future?

RK: Well, I'm let me say this much, on the big picture the rich as you know are getting richer and unfortunately the poorer and middle class are getting poorer. And, that's why I wrote *Rich Dad Poor Dad* and in *Rich Dad Poor Dad* I said, "You savers are losers. Your house is not an asset and the rich don't work for money." And, what I was doing was preparing people for now, this is the future. So, as you know, the book *Rich Dad Poor Dad* came out in 1997 and I said, "Your house is not an asset" and I was trashed by almost every financial person. "How can you say that, you know?" And then, what happens in 2007, the world found out that your house is not an asset when their subprime mortgage crashed.

So, *Rich Dad Poor Dad* was kind of the warning bell. In 2002, I came out with *Rich Dad's Prophecy* and I said the biggest stock market crash in history would come in 2016. Again, because of what Dr. Fuller taught me on how to predict the future. As you know, if 2016 comes up, if I am correct then we are in serious trouble.

FT: Do you still think we could see a crash in 2016?

RK: I wouldn't have said it unless I thought it was possible. And, it's not a stock market and this is the point, okay, this is not a Stock market crash.

FT: Okay.

RK: So, the three basic types, there're a lot of crashes but the three basic type of crashes are stock market crashes and we all saw that in 2007 and a real estate crash which we saw in 2007.

The next crash will be a currency collapse and the currency collapse is very, very different than a stock market crash, than a real estate crash. So, this next book called *Second Chance* is about what happens and what's going to happen because everything, almost everything I have said has come true. So, *Second Chance* is an opportunity to prepare for one of the biggest economic calamities ever seen in world history. I don't want to sound like an alarmist or a pessimist but I would be, you know, not responsible if I didn't say what I could see.

FT: Right. May I ask, what would a currency collapse feel like to the average American? We know what a housing crisis feels like. It means losing your home. It means, you know, losing your most important possession perhaps if you lost it in foreclosure. And then, you know, financial crisis, a stock market crash could mean losing your retirement, it could mean losing your job. Can you paint the picture of what a currency crisis could look like and how that would materialize for the average American?

RK: Well, thank you for that. That is a very intelligent question and I appreciate the question. I have studied currency collapses for most of my life. After studying with Fuller, I began to look at it. Now, the United States has had currency collapses. It was called a continental back in the revolutionary war and then the Confederate dollar collapsed and what happens, the whole economy goes down. It's over. So, not everybody's in real estate and not everybody's in the stock market but all of us have worked for currency. So, to understand what a currency collapse looks like, in *Second Chance*, my latest book coming out. By going to what led up to, now the thing is with *Second Chance* I used pictures and not words. So, even a 10-year old kid could understand what a currency collapse looks like, what is coming up and all these stuff.

So, there have been these collapses. There was a collapse in 1923 in Germany. It was called the Weimar collapse which led to the rise of Adolf Hitler in 1933. And then, the latest collapse was in Zimbabwe which collapsed the Zimbabwe dollar, collapsed in 2008. The problem is this next collapse is based upon the U.S. dollar and the U.S. dollars you may or may not know is the reserve currency of the world. So, just in October 25th, 2014, *The Economist* said, it's a very respected magazine said the Euro is going to collapse. And, most Americans don't read *The Economist*. They go, "What does that mean?"

RK: And so, the reason I wrote my book, *Second Chance*, is for people to go read it, understand it and then maybe start thinking about what can you do because we've never been here before in history. Never. Never has the whole world been dependent upon one currency which is the U.S. dollar and that's why I wrote *Second Chance*.

FT: What can we do in the next 12 months? What's one? We don't have time obviously to go through all book. I want people to read the book as well. If you wouldn't mind just sharing maybe one really important bit of advice for listeners who...

RK: You are really good. I am impressed.

FT: Well.

RK: I'm not blowing smoke but I get into arguments. "You don't know what you're talking about." It was in fact when *Rich Dad Poor Dad* came out, "you don't know what you're talking about." That's a very important question, so the way you see the future is to study the past. So, *Second Chance* comes in three parts. One is the past. And again, please don't think it's an economics book which it is but it's all in pictures or in charts and graphs so it's very easy to understand, a kid could understand it. Part two of the book is the present. What can you do today? And, part three of the book is the future and the future is about what kind of education you need to not be a victim in the collapse.

FT: Alright, Robert, this is the part of the interview now where we really dive into you, your background, your financial philosophies, fears, failures, successes. Are you ready?

RK: Absolutely.

FT: Okay. Well, the first question I'd like to ask all of my guests is for their money mantra. What is one financial philosophy that helps you keep your wealth and your finances on the right path?

RK: That's a tough question, you know. I would say this goes back to something that we all have heard. I hear so many people say, "Oh, money is not that important to me." And I go, "Are you kidding me? Are you kidding me?" You know what I mean? Are you kidding me? And, all these people say is, "Oh, money won't make you happy, you know." Are you kidding me?

FT: Yeah.

RK: You know what I mean? And so, what I'm saying is that what I listen to a lot of the times when I'm talking to journalists and people and, you know, what can I do? You've got to listen to your attitude. I mean, you know that person that speaks, "Oh, money is not that important to me" but the guy's working in a dead end job. So, why a dead end job then if money's not important?

So, a lot of the times, people do not really listen to their thoughts or what they say that affects their life. You know I'm not very religious but in Sunday school they said, "And the word became flesh and dwelt amongst us." But, if you say, "Well, I'm not interested in money" then money's not interested in you.

FT: Right.

RK: And, if money doesn't make you happy then why don't you go do something that makes you happy. You know what I mean, but they're stuck in a dead end job. So, most of it starts between your ears, you know.

FT: Yeah.

RK: And so, what I pay attention to is what I'm saying to myself. And, money is important to me, that's what I say.

FT: And, to have, understand that you can have a relationship with money, right. People you do, whether you know it or not, you do have a relationship with money. It could be contentious. It could be happy. It could be miserable. But, you have to have that awareness.

RK: I hate to say this but for 99% of the people it's survival. If you don't have cash, you know I mean, you don't eat, you know, you can't buy a car or a house, you know it's life.

FT: Right.

RK: So, when you say, "It's not that important" you're saying, "Well, my life's not that important."

FT: Yeah, exactly. It doesn't necessarily buy happiness but, boy, having money in the bank sure makes me feel good.

RK: Amen, brother.

FT: Well, I mean sorry but what can I say.

RK: You've really got to listen to what you say to yourself about money." You've really got to pay attention to what the commentator inside of you will say, "Well, you know, rich people are evil," you know, "I'll never be happy. I'll never be rich."

FT: Right.

RK: You know, if you don't control that dialogue inside yourself, I don't think you can make it. You've got to control that conversation with yourself."

FT: Yes. Yes, very, very true. In *Rich Dad Poor Dad*, Robert, you talk obviously a lot about your childhood growing up in Hawaii, so this next question's really about money memories.

And, what maybe one significant memory from your childhood that stands out from a financial perspective?

RK: I love you. I love you. It is a wonderful question because what really shaped my life was when I was 7 years old. I was living in a little town called Hilo, Hawaii. My father was going for his PhD and he was working, you know, and so we had no money as a family. I'm the oldest of four kids and when I was 7 years old, I woke up and I found my mother sitting at the kitchen table crying. I said, "Why are you crying, mom?" She said, "We don't have any money. You know, Dad's in school. He's struggling." And, she showed me her bank statement from the bank and back then bank statements were hand-typed, you know what I mean?

FT: Right.

RK: And, it came on a paper called Golden Leg, kind of an orange yellow and it starts how she deposits my Dad's paycheck and it's black, you know, and then it turns red. Red means she's over withdrawn. And, she showed me like 4 months worth of bank statements and red kept growing. And, I said, "Why isn't Dad helping you?" I didn't understand and I got so angry that my mom was crying. That changed my future so I'll never be like my poor dad.

FT: There's nothing like seeing a parent as a child seeing a parent hit rock bottom and cry. I had a similar experience with my mother and it's a story that I share because it's really in that moment your life changes.

RK: Right. And, all people get angry at somebody else and I got angry at my dad but I said, “I’m like angry at myself too, you know” and which brought up the question, “Why don’t we teach about money at school?” Why don’t we have any financial education at school because my dad was in school but he learned nothing about money? He was a PhD. Does it make sense to you?

FT: It does, you know, but sometimes I wonder, money is such a, it’s so abstract that you almost have to live it to understand it. You have to experience it to really understand it and I just wonder, I mean I don’t remember much of what I learned in grade school. I mean I remember my experiences, I remember my friends, I remember my teachers, of course, I learned something along the way. I had too, but I just wonder if all this emphasis on financial literacy in the schools, you know, it’s not enough to just throw a textbook at a kid. You have to really apply it in a way that it is they learn and that they grasp it and that it doesn’t just become, you know, a memory that they vaguely recall.

RK: Correct. There is no financial education at school because most of it is financial advice which is different in education and advice. But, the way I learned about money is my Rich Dad, my best friend’s father and he just taught me playing monopoly. See, we learn by doing.

FT: Right, exactly.

RK: The monopoly, best way to learn. So today, I own hotels. I own houses, golf courses, oil wells, I just still play monopoly and anyone could do it.

FT: Financial failure, Robert, this is a part of my interview where I like to ask my guests about a moment that they define as a failure, financially speaking. It could be large, it could be minor but it’s something that, you know, you haven’t quite gotten over but perhaps it taught you how to grow or think differently as a result.

RK: It’s not like this one event. I mean people think failure is bad. That’s what I’m saying. The money starts between your ears. I look for feeling but I know if I’m failing I’m doing something, I’m going to get smarter. See, everybody wants to know, you know I’ve lost millions, I’ve made millions and all this. Most people haven’t lost a hundred thousand yet and that’s why they’re not going to be rich. To them, a hundred thousand dollar loss is a big loss or they lose ten bucks and say, “Big loss.”

It’s because of what they think about failure. What is failure? That would be like punishing a child for falling down. “Oh, you’ll never walk now, you stupid kid, you fell down.” Do you understand what I’m saying?

FT: I do.

RK: It’s people think failure is bad. Failure is how we learn.

FT: Right, and then you talk about in your writing that, you know, in school you’re like you said you were taught that failure is bad so we don’t take risks. We don’t think outside the box. We don’t, you know, think on our feet because we’re afraid of failure and punishment as a result.

RK: Yes. Like I said, in *Second Chance*, that’s part three. It is ‘what is really financial education’. And so, the reason I recommend playing monopoly or something like that, if you look at it, the most successful people fail the most. It is so opposite. For example, you know, I was watching Tiger

Woods practice one day on the golf course. That boy has hit more golf balls in a day than I'll hit in my lifetime. Do you know what I mean? He practices failing so much that he's successful.

FT: Well, speaking of success, Robert, tell us one financial moment that you're really proud of, as I call it in this podcast, your 'So Money' moment.

RK: Well, I have to say I have a lot of them.

FT: Yeah, I suspect you do.

RK: Just, two days ago, this little carpenter calls up and he says, "You know, the guy never paid me." You know, the contractor went broke. "My boss hasn't paid me since August." And, I said, "How much does he owe you?" He says, "Ten thousand dollars." And, I already paid the contractor the ten thousand and the contractor walked. You know what I mean? And so, I said, "Well, I'll pay it for you." So, I paid twice.

RK: And, that's called doing the right thing rather than being right. Legally, I didn't have to pay him anything but I said, "I will pay it to you." Because, although I got, you know I got what I wanted, I have a house and all that. He was building a property for me but he never got paid. The contractor ran away which happens all the time.

And, I said, "Okay, I'll pay you twice."

FT: And he must have been so, what did he say when you told him that? Did he just fall over?

RK: He cried. He says, "I have seven children and it's Christmas." I said, "I understand, been there." I've been there too. You know, I mean I've been him before too. You know, I had one partner run off with \$12 million. I had to pay the bills.

RK: So, those are moments that define who you are. You understand what I'm saying?

FT: Yes.

RK: It's not my wins, it's who I am when I'm down.

RK: Yeah, that's when I find out who I am.

FT: Well, Robert, I assume you have several habits that keep you financially fit, that keep you thinking the way that you do and steering your money in the right direction. What would you say is one financial habit that you have? It could be daily, it could be less frequent but you are conscious of it and you like to do it to help manage your money.

RK: I have, you know, the Rich Dad company.

FT: Yes.

RK: And, once a month or we have meetings every week but once a month I hand out a financial article on the economy and the entire company discusses it, studies it and, you know, it costs me a lot of money. It's 2 hours out of a day. That's a lot of people, a lot of time a lot of money but by studying with my company and my friends, we stay abreast. For example, a while ago we studied the

Swiss Franc. Oh, and before that we Keynesian economics and just recently we studied the collapse of the Zimbabwe dollar and The Economist article. So, even though most of my employees really have had no financial education, what we do is we study as a group on a regular basis and we discuss. There're no right answers or wrong answers, everybody's allowed their point of view but we constantly study because everything is changing so fast right now that you're either getting ahead or you're falling behind. There is no neutral anymore. We're the 21st century but most people are still doing business in the 20th century.

FT: Yeah.

RK: Now, that's why we study constantly and that's my habit.

FT: You know, for listeners, you can do this solo. You can do this with your partner. You know, you can read the...

RK: Doesn't cause any money to do it.

FT: Yeah, costs you nothing, exactly. Alright, this is almost towards the end of the interview now.

We're going to do something fun, Robert, if you're with me. What I like to do here is I start off a sentence and then you finish it.

RK: Okay.

FT: And, just the first thing that comes to your mind. Okay.

RK: Okay.

FT: If I won the lottery tomorrow, say a hundred million dollars, the first thing I would do is _____.

RK: I'd leverage it. I'd borrow another billion behind of it and invest it.

FT: And, what would you, where would you invest?

RK: It's a very good question. I'm always investing when I have no money. Like, right now, I have about, not a hundred but I have about 10 million dollars to invest. That means I'm going to borrow a hundred million. I leverage up 10 times. That means I have to find a hundred million dollar investment now. So, I'm always investing when I don't have the money but I'm anticipating the money coming in.

RK: So right now, you know I have this money sitting there. I don't touch it while I'm looking a hundred million dollar investment now.

FT: Alright, listeners, if you've got something attractive to present to Robert Kiyosaki, he's got a hundred million dollars.

FT: Okay, now one thing, Robert, that you spend money on that helps make your life easier or better. The one thing that you spend your money on that allows you to make your life easier or better is _____.

RK: My education. I'm constantly studying. I'm reading books constantly. They don't cost only twenty bucks, you know. I have very smart friends. I have my advisor friends who are all young guys, all entrepreneurs, all multimillionaires. I don't hang out with poor people too often because my time is valuable. I hate to say that but that's why I really don't, you know my friend, Donald Trump said, "We don't need any more friends right now, but we got to be very careful who our friends are."

FT: Right.

RK: My friends and I always study together. We all know our financials. I mean we all show each other our financials. If somebody has a bad financial, then our friend, I really do not have time for people who do not pay attention to their money. It's because they'll just get, you know, waste my time. I share what I know. I make everything I know available but I don't want to [inaudible] trying to hold your hand. Okay.

FT: What are you reading right now? May I ask? What's your favorite book right now?

RK: It's a story of the collapse of the Zimbabwe, the Zimbabwe dollar. It started going down in 1997 and finally collapsed in 2008. But, that's why in 2004 I was in Zimbabwe studying the collapse of the Zim dollar. And, that's why I said, *The Economist*, in 2014 said the Euro will collapse next and the Ruble is collapsing as we speak and so is the Yen. So, I'm studying currency collapses right now.

FT: My biggest guilty pleasure that I spend probably too much money on is _____.

RK: I really don't know. All my Ferraris because I have several Ferraris.

FT: Several Ferraris. Okay, yeah.

RK: Yeah. Well, understand, it's not, I learned about it in *Second Chance*, if I want a new Ferrari, I have to go and invest and by investment, well the asset pays for the Ferrari. I don't pay for it. So, my last Ferrari, I bought a 400-unit apartment house and it bought my Ferrari.

RK: Many people buy a Ferrari and get poor. I buy Ferraris and get richer.

FT: Because, you have a plan.

RK: Yes. Very good.

FT: I've been listening. I've been taking notes. Now, one thing that you wish you had known about money growing up is _____.

RK: I really don't have much of that. Every time I lose money, it's because something I did not know. Does that make sense to you?

FT: Sure.

RK: So, like I didn't know I was such a sucker. You know, I thought my CFO was an honest guy but he wasn't. You know, it's really, you know we've all had our disappointments in friends and all that. We trust somebody and they disappoint you, that's probably the biggest one.

FT: Yeah, but how do you learn that? You know, it's life experience, you have to live to learn that.

RK: Another great question. A lesson I've learned over time is out of every bad person has come a good person. Like, this one guy I was doing business, he was Hayden and he turned out he went to jail. You know, Holy Mackerel, how come he was honest, he was handsome, you know all the credentials, went to Harvard and he got taken off to jail. Holy Mackerel. I never have guessed, a family man with kids. But, from Hayden, I met my best partners.

FT: Yeah. Well, I would go even further and say for every bad person, there are fifty great people.

RK: Yes. Amen.

FT: You know, and...

RK: You just got to find them.

FT: You got to find them, right, and you got to give them a chance.

RK: And, you don't know they're good or bad until times are bad, you know what I mean?

FT: Yes. When I donate money I like to give to _____ because _____.

RK: Environmental projects. My wife gives to Wildlife and I give to Oceans, like I give to Green Peace because I love the ocean.

FT: And, I'm 'So Money' because _____.

RK: It's because I enjoy it. I love my life. I never wanted to be poor like my parents. The thing called standard of living. You now, some people are happy in a small house. You know, I've been to Donald Trump's house and all that. That's above my standard of living. So, I just like my lifestyle. But, it's an expensive lifestyle.

FT: Well, Robert Kiyosaki, thank you so much for joining me. The book, everyone, is called *Second Chance: For Your Money, Your Life and Our World*. Robert, thank you so much. Happy New Year to you and your family and Best Wishes and I really hope your prophecy does not prove true but in the event that it may, I'm going to be doing some homework this year. That's for sure.

RK: Yeah, just read The Economist, October 25th, 2014. It says the Euro will collapse and since then the Ruble started to collapse and the Yen is starting to collapse. So, please pay attention right now. It's not a hope it doesn't come true, if it comes true what are you going to do about it. That's really the thing.

FT: Right. It's not about being right. It's about being prepared.

RK: Thank you so much, Robert. Happy New Year.

FT: Great questions, by the way. Thank you. Bye.

RK: Bye.