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| Speaker 1: | 00:01 | This is the rich dad radio show. The good news and bad news about money. Here's Robert Kiyosaki hello. |
| Speaker 2: | 00:07 | Hello hello. Robert Kiyosaki there out radio show. The good news and bad news about money. So |
| Speaker 3: | 00:12 | today we have a very very important show. I mean this is my question to you. How many of you have a bad habit or to be smoking or eating at the gentle ones or with Kim and I have this one friend is not a friend anymore like I was a habitual liar. I mean he would say here's a dog he says no that's a mountain lion. And I couldn't help but lie. So it was a habit. But I think it was an addiction to him. But also what this program is how many of you are trying to change you know. I mean how many of you are in what we call the working class and not getting ahead. How many a struggling day to day trying to make ends meet with money. So those are habits. |
| Speaker 4: | 00:49 | And today we have a very very very very great author of The New York Times he's a Pulitzer Prize winning reporter for The New York Times is Charles Duhigg and his book is called habit a power of habits and Why We Do What We Do in Life in business. So |
| Speaker 3: | 01:05 | for those of you who need to change some of your habits or possibly your addictions This is your program for you. If you want just get out of what I call the day to day paycheck grind you know and realizing you don't lose your job anyway. I mean that's the way things are going if you don't change your habits. This is your program so welcome to the program Charles. Thanks |
| Speaker 5: | 01:23 | for having me on. Why did you write this book. I mean what what is your interest in habit. Well |
| Speaker 6: | 01:28 | you know I started work on this right before my eyes and my wife and I had our first son our first child. And part of it a lot of it came from sort of a personal desire which was that I felt like I was pretty you know smart and successful person and yet I felt like there were all these habits that I didn't really have complete control over. And I didn't understand why. You know it was hard for me to exercise in the morning even though you know I'm someone who should be able to make myself exercise I think and make myself work. So why was this hard to exercise when our son was born and he got a little bit older we would start feeding him these on these chicken nuggets which people |

are probably familiar with if you've ever had a 2 year old in your house.

- Speaker 6: 02:01 And like I would come home from the front like a long day at work and sit down and I didn't even like these chicken nuggets. But I would just pick one up and pop it into my mouth. Even though I knew that they were not healthy for me I should not be at home. And so I was just really curious why do habits emerge in our lives. Why do they feel so powerful particularly or even for people who are have a lot of self-control and are successful. And what I learned is I started talking to researchers with it. We're actually living through this golden age of understanding the neurology of habit formation. We know more about how habits work now than we have ever learned before. And once you understand how habits work you have this power to change them. And so I thought that was worth sharing with other people.
- Speaker 5: 02:39 So are you not being kale chip habits. I mean is it that you change that chicken nugget thing.
- Speaker 6: 02:48 I did. I did I changed the chicken nugget habit. And it's interesting you bring up kale just because because because Get Kale is actually something that comes up a lot when I when I'm talking about habits. The CT insight about how habits function is that every habit in about 40 to 45 percent of what we do everyday is actually a habit according to a study been declared by a woman named Wendy Wood at USC. And what's important to know about habits is that every habit has three parts right we think of it as a behavior but it's not actually just that a habit is a cue which is like a trigger for an automatic behavior to start and then a routine which is the behavior itself which is the part that we've come to think of as a habit. And then finally a reward and that reward is how your brain learns to kind of encode or chunk this cue routine reward into one little package that happens automatically in our lives.
- Speaker 5: 03:32 So one more thing. Q What's an example of a Q as a routine so as a reward.
- Speaker 6: 03:37 That's right. So there's three parts a cue a routine and a reward. And what we've learned is that you really have to be able to diagnose the cue and the reward if you want to change the behavior if you want to change the habit.
- Speaker 7: 03:48 I don't find that cue and reward is critical. So let's use the chicken nuggets. Yeah. What are some examples of cues.

- Speaker 6: 03:54 So so cues are usually like time of day or certain ones instead of the chicken nugget let me bring up one of eating a cookie. When I started writing the power of habit I had this bad habit of eating a cookie every afternoon. And when I was talking to researchers I asked him the same thing so what's the cue for this and I said well a cue usually is one of five things either a time of day or certain to the presence of certain other people or certain emotion or behavior that's become ritualized. So whenever you feel that cookie urge just write it down like write down those five things. What time of day is it. Who else is standing by. How do you feel. And within like three days of doing that it was clear that the urge always hit between 3:30 and 3:45 in the afternoon.
- Speaker 6: 04:27 So clearly for me the cue to go eat a cookie after the cafeteria at the New York Times was a time of day and that's an example of a cue for other people it might be that for instance if you want start an exercise routine an exercise habit one of the best things you can do is you can choose a cue like putting your running shoes next to your bed you see them when you wake up in the morning or always meet plan on meeting your friend at the gym at 11:00 or you know 11:00 o'clock in the morning on Wednesday is a time of day the presence of certain other people. Those will become the cue that triggers the habit. It's
- Speaker 3: 04:53 a time of day emotion other people and then write it down and then you notice your pattern you're running.
- Speaker 6: 04:58 Exactly. Exactly. Now but what's important is that is to keep in mind the cue is like the trigger for the habit. Right. But what's really important is the reward because the cue starts the habit the routine is the behavior itself. But the reason why that that cue in that routine get easier and easier and easier. The reason why you do it automatically is because your brain begins to anticipate the reward is going to deliver right and that reward is the key to how we can change habits or how we can build them. So let's take my cookie example for for instance. So I was talking to these researchers right. And
- Speaker 7: 05:28 the way that I always do it is that they like I have this friend with a cookie habit presumably somebody exactly we've figured out what the Q was. Cue
- Speaker 6: 05:35 was a certain time of day that I would have this urge to go see a cookie. And then in the routine whether I'd get up from my desk I walked to the elevator take the elevator up to the 14th floor and go get a cookie. And and the researchers

said well you got to figure out what the reward is if you want to change that habit. And I said Well I mean obvious right like the rewards a cookie is really good they said no no no no rewards are much more complicated than that. For instance a cookie is like a bundle of like 12 or 13 rewards all in one little tasty package is it. Is it that you're craving you know a taste sensation in which case if you go up to the cafeteria and you just get something else like some sweet soda maybe that that'll do the trick.

Speaker 6: 06:11 Or is it that that you're hungry in which case you would go to that after you you just have an apple and of a cookie. Or is it that you just you're craving a break from work in which case getting up from your desk and just going for a walk on the block instead of going into the cafeteria. That should deliver the same reward. And that's the only way you can figure out what the reward for that cookie habit is is if you kind of experiment with different things over a couple of different days try these different things have a cookie or have a soda have an Apple take a walk and so over the next two weeks. What I did everyday I experimented with a different kind of behavior to see if the reward that it provided satisfied got rid of the cookie fridge and what I figured out and it actually took about six days.

Speaker 6: 06:45 Was it the Q was you know certain time of day between 3:53 forty five I'd go up to the cafeteria I go buy the cookie and then usually I'd see like three or four of my friends in the cafeteria and so I'd sit down with them and we would like gossip for 20 or 25 minutes while eating my cookie. And it turns out that that was the reward. It was the socialization was it was the reward that it was craving the cookie was just kind of like an excuse to go talk to other people. But I've been doing this for you know a year and hadn't realized that until I started experimenting with it until someone drew my attention to looking for these cues and these rewards.

Speaker 6: 07:15 And so now every afternoon what I do is I change the habit at about 3:15 or 320 I stand up and look for someone to go gossip with and I walk to their desk and we gossip for 20 or 25 minutes and then and then I walk back to my desk. It's the same Q In the same reward. I just change the behavior of the routine and the cookie are just totally gone. And that's how habits work habits are this cue routine reward. And we tend to focus on the behavior on the routine. But if you can learn to diagnose the cue and the reward that's how you can control the power over your habits.

- Speaker 4: 07:45 Once again Robert Kiyosaki the rich get ready to show our guest today is Charles Duhigg. He's a Pulitzer Prize winning reporter. Congratulations on that New York Times. And he's the author of the book called The Power of Habit what we do why we do what we do in life and business. And his latest book is smarter better faster a transformer transformative power of real productivity. And we're talking today about the habits you have bad habits and some of them are addictions which are a little deeper but a bad habit. Comments kill.
- Speaker 8: 08:17 Well I'd like to ask Charles what what I hear you saying is because when I have always talked about or heard about changing habits how to change it always took willpower. It's like you have to have willpower.
- Speaker 6: 08:25 Yeah and so that's a really interesting insight which is that what is this relationship between willpower and habits. Because we know that some willpower is needed to change a habit. But the interesting thing is that studies have shown us that willpower is kind of like a muscle. Right. It can get tired over time and with use it can also get stronger. The more that you exercise it and the issue is one of the things that we know is that willpower will often spark a change at least in the short term. Someone can power through saying I want to give up cigarettes or I'm going to stick to this diet but that over time our willpower can become higher. And what often happens is that people relapse into an old habit. And so the question then becomes how do we sidestep that how do we make our willpower strong enough.
- Speaker 6: 09:03 And the answer is that if you can change a habit it often it actually doesn't use the same neurological system that willpower does. That's the interesting thing about a habit is that it feels kind of automatic right. It feels like it happens effortlessly and that's because it doesn't actually draw on her willpower changing it can at first but once at once a behavior becomes ingrained as a habit you don't have to use willpower to exert it. It just happens automatically. It is a part of the brain known as the basal ganglia which is actually designed to create habits. If you think about people who are very successful you know people who exercise everyday. Right. A lot of them will tell you that it doesn't take any willpower to exercise at this point. They just do it automatically it's become a habit and that's what the key is is to find the behaviors that you want to encourage in your life and make them into habits by identifying these cues and these rewards that help make those behaviors more automatic so that you don't have to rely on on your on the

parts of your brain related to willpower and instead you can just kind of what this automatic behavior take over.

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| Speaker 6: | 09:56 | So |
| Speaker 9: | 09:56 | once again as Robert Kiyosaki the much better show our guest today is Charles start think about the habits you may have that are actually getting on the way of your life. So we come back that we're going more into what you can do to change your life by possibly changing your habits. You're listening to the rich dad radio show with Robert Kiyosaki. |
| Speaker 10: | 10:17 | Every business owner and real estate investor needs asset protection entities like LLC S or C Korps are vital to protect yourself and your business. Let corporate direct guide you through the process of forming a corporation or LLC. Corporate direct is owned by rich that adviser Garrett Sutton and is Robert Kiyosaki his choice for corporate formation mentioned rich dad and receive one hundred dollars off a formation called 806 honored 1768. That's eight hundred six hundred 1760 or visit online at corporate direct dotcom. That's corporate direct dot.com. |
| Speaker 1: | 10:50 | Financial freedom begins with financial education. Now back to Robert Kiyosaki and the rich dad radio show. |
| Speaker 4: | 10:56 | Welcome back Robert Kiyosaki. I read his show The good news about news about money and you can listen to the rich dad radio program anytime anywhere on iTunes or Android and you can hear can we also archive every one of our radio programs. And the reason we archive them at Rich Dad radio Dotcom is one of the ways we learn is via repetition a habit. So simply go to Rich Dad radio dotcom And listen this program again. Our guest today is Charles Duhigg. He's author and Pulitzer Prize winning reporter for The New York Times and he is the author of The Power of Habit Why We Do What We Do in Life and Business. So once again I ask you this question What habit is in your way of getting on with your life. And what we're going to soon discuss with Charles is what was the purpose of habits anyway. What do we make any comments. |
| Speaker 8: | 11:38 | Well you know we all have people we have good habits and we have bad habits. |
| Speaker 11: | 11:43 | And that's you Charles my hat my bad habit is Chinese food I can't stop with the Chinese to catch up but it's time. |

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| Speaker 8: | 11:52 | You know Robert mentioned in the first segment about addictions our addictions habits can you change addictions through this through your process. |
| Speaker 12: | 12:00 | Yeah actually so about five years ago the National Association of addiction specialist got together to redefine what the technical definition of addictions are. And it went in for most addictions they were defined as a habit dysfunction. Right because most of the things that we think of we know that addiction and habits occur in the same part of the brain and many things that we think of as addictive behaviors don't actually involve exterior substances right. So if you have a gambling addiction or pornography addiction it's not because you're taking a drug. There's no there's no exterior drug entering your system. Rather it's a learned habit dysfunction a mistake of the learning system within our brain. And so there are some addictions which are obviously physically physical addictions particularly opioid addictions but many of the things that we think of as addictions are in fact habit dysfunctions and the way that we attack them is the same way that we change habits. You |
| Speaker 3: | 12:47 | know I travel constantly. I'm surprised you know at 7:30 in the morning and first class Some guys are already sucking down their scotch scotch in the water and all that stuff going so. My habit is at five not seven. You |
| Speaker 13: | 13:00 | know I think that's exactly right. I |
| Speaker 14: | 13:02 | think that many people that they learn of behavior like for instance using alcohol as a relaxation technique. Right. And they come to crave that relaxation and we know that it works. Alcohol is a relaxant and so many people build a whole set of mental habits around having a drink that allows them to relax that tell them that it's OK to relax. They come to expect the physical sensation of alcohol as an associated with relaxation. So |
| Speaker 5: | 13:25 | what do they call it. So what did you call an addiction that goes beyond the habit then right. Well |
| Speaker 12: | 13:29 | it's a habit dysfunction. Right. Typically typically what happens when someone has an addiction that isn't necessarily chemical in nature is that they've learned to associate a cue in routine and a reward with a particular behavior that's become ritualized. Have |

- Speaker 5: 13:42 you ever worked with them. I think I think you mentioned the 12 step program with AA and all this. I mean how does how does that work on the habit and the addiction. So
- Speaker 12: 13:51 in the Power of Habit there's actually a whole chapter about AA because one of the things that we know is that AA is actually probably the the most success sustainably successful habit change system sort of in history and that doesn't mean it works for everyone it doesn't mean it's perfect. But what's interesting about AA is that it was designed by people who don't have a scientific background that design. The reason why there's 12 steps is because Bill W. the guy who created AA he was coming up with the that's for a while sitting in a hotel room and had a Bible next to his bed because he was in a hotel room is getting the Bible and he chose 12 because there's 12 apostles. So there's not necessarily a scientific rationale for much of what a does. But the reason why it's been so successful is because it sort of embraces this idea of cues and rewards.
- Speaker 5: 14:28 But it doesn't go into what you said in your book about you have to kind of modify the process or you have to modify it.
- Speaker 14: 14:36 You have to modify the behavior once you identify the cue and the reward is going to tell us from 6 to 12 steps you've already taken a step well.
- Speaker 12: 14:45 So think about how most people end up getting into a drinking habits. Right. They come home from work and they've had a long and hard day and so that's the cue right as they're coming home and they're tense. And then the routine is that they were themselves a drink and the reward is that you feel this sense of relaxation and almost cathartic cathartic sort of emotional experience in high end for many years when people are trying to stop drinking they would say Look just quit drinking. Right. Just put away the liquor. But the problem is that you still crave that reward you crave the reward that the drinking would give you and you still experience a cue every single day you come home from work and your sense what AA said is OK if you get home from work and you're tense there's a queue instead of pouring a drink.
- Speaker 12: 15:20 Come to a meeting and at an AA meeting and if anyone listening has never been to one you can go you should go to one sometime you don't have to be an alcoholic to go. They're really interesting at a meeting usually what happens is that people share you stand up and you tell your story and you talk about what's bothering you. It's a cathartic

experience it feels somewhat emotional you get that same reward from a meeting that you got from having a drink. It's just now you're doing it in a church basement as opposed to doing it in a bar. But the reason why this is important is because AA recognizes that you need to keep the old cue and do something that delivers something similar to the old reward. It's it's changing the behavior. Once you've diagnosed the cue and the reward if I called you this is actually known as the Golden Rule and habit change which says instead of trying to extinguish a habit you should focus on changing it because that's going to be much much more successful. So

- Speaker 8: 16:03 the Q is the same you keep the same. Q You don't try and change a lot of people using willpower using force or like I'm going to just change everything. So you keep going back to the then the behavior and the reward are different. So
- Speaker 15: 16:15 you go to an AA meeting and you talk to your friends.
- Speaker 6: 16:18 That is right and what's important is that it's it's not even like you're changing the reward that much as much as you're looking for a new behavior and deliver something similar to the old reward because you're still going to have a craving for that reward.
- Speaker 15: 16:28 Yes that's what I picked up on reading a book. It was a change of the routine. Not necessarily bored at it. That's exactly right. So when you go to this AA meeting you hang out with your friends drinking black coffee on set of vodka and wine and all that stuff.
- Speaker 12: 16:41 Well that's exactly right. The routine has changed but it's delivering a reward that's similar to what you have before most people start drinking because they're looking to relax. And one of the ways that you can relax is to go and talk to friends and talk about things that really matter to you. It feels relaxing into the Arctic.
- Speaker 11: 16:53 It's what happens you don't have any friends and then you got to hear issue.
- Speaker 13: 17:00 I think you about an AA meeting and you don't have to know anyone to show up when everyone's your friend. The moment you walk in the door.
- Speaker 15: 17:06 So why does it change the habit or the addiction. What what those 12 steps do. How does it interrupt her. Well

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| Speaker 12: | 17:13 | actually what's interesting about this Wolf is if you look at it most of them are designed to make you identify cues or awards. Right. So so one of the steps is for instance that you go and you make a full accounting of your your past sentence and you and you go and usually apologize to people for that. |
| Speaker 5: | 17:27 | This one is almost like compassion in a Catholic church. |
| Speaker 13: | 17:30 | A little bit yeah yeah. And one of the things that makes you do is it makes you really identify the cues across you to drink if you're going to your friends and you're like look at that party. |
| Speaker 12: | 17:37 | I was really really nervous. I felt socially awkward. I sort of drinking too much and that's why I like to do that dumb thing it's really forcing you to identify the cue. |
| Speaker 13: | 17:44 | And in part the rewards. Was the other thing. |
| Speaker 12: | 17:47 | The other thing that does the 12 Steps do is you know there's this and he's been criticized for this. There's this emphasis on a higher power in a way that you're supposed to sort of submit to a higher power and that could be God or it could be nature or whatever you want it to be. And the reason why researchers think that that's powerful is not so good as a religious home and it's because AA is a setting where people can practice believing in something right. And one of the things that we know is that change is easier when people believe that they can change. And AA is kind of a way to practice believing in your capacity for change. And we know that practicing that capacity for practicing belief makes it easier to believe that you yourself can also change once again to try to kill is not going to that radio show. The |
| Speaker 4: | 18:26 | good news and bad news about money. Our guest today is Charles Duhigg and he's a Pulitzer Prize winning reporter for The New York Times. Matt congratulates us for that and then he's author of the book The Power of Habit Why We Do What We Do in Life and Business. Also his book is smarter better faster the transformative power of real productivity. His Web site is Charles Duhigg dotcom. C H R L E S T H J J. Dot com. And we're talking about the power of habits or bad habits as the case may be in the comments. |
| Speaker 8: | 18:55 | Yes Charles in your book you talk about that there are certain habits that you call them keystone habits that once there you say once they're broken or adapted they tend to produce a landslide of other positive changes like this is one |

thing you can do and it can affect a lot of different things.
 What is a what's a keystone habit.

- Speaker 12: 19:12 Well a keystone habit is exactly what you mentioned in the academic literature is something that that when it changes it seems to set off a chain reaction. So for many people exercise is the keys on how do we know from studies. There's these researchers named Odin and Chang in Australia who've studied this pretty extensively that when people start exercising habitually It tends to change how they eat. Right. And that kind of makes sense we've all experience that you have a run in the morning and then you know when you walk into lunch you get a salad instead of a hamburger. But what's interesting is that when they went out and looked at people who start exercising habitually They also found that when people start exercising they tend to use their credit cards less frequently. They really procrastinate about 20 percent less at work.
- Speaker 12: 19:48 They tend to do their dishes wash dishes earlier in the day. And most people aren't even aware that this change is happening. But for many people exercise is a keystone habit that it sets off a chain reaction that changes other behaviors other patterns in their life and sometimes even without them realizing it. And so one of the things that researchers have said is that it's very important to try to identify what the keystone habits are in your life because if you focus on those you'll have a disproportionate success if you change them it'll change other things. What
- Speaker 7: 20:17 would what would be some other examples.
- Speaker 12: 20:19 Well it's different for person to person place to place. What's interesting is that for some people for instance on exercise a keystone habit for particularly for people who have an exercise in the past. But for people who like high school athletes exercise tends not to be accused don't have it. And what we know is that keystone habits tend to be those things that somehow influence almost on a subconscious level or self-image. So for instance if you're someone like me who before us I read his book never exercised regularly. The thing about exercise is that it seems kind of like irrationally scary right like you put on starting that running routine because you don't know like what to wear and you don't know what path to take and you think you're going to look really like an idiot jogging down the street. And so when you finally do start running when you start the exercise habit it actually changes how you see yourself.

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| Speaker 12: | 21:00 | It changes your self-image. That's fantastic Henze that tends to reverberate through your life. So the way that people can figure out what their own self or what their own keystone habits are is they ask themselves what kind of change seems kind of irrationally scary because if it seems irrationally scary it probably will influence your self-image if you start to change it. |
| Speaker 15: | 21:20 | So is you know a fantastic self-image. What kids don't have it can change your self-image. But also habits include cues the routine and the reward. And for many people like you said a cookie or going to AA was a you to get to talk to other people and things like this. So we come back we're going to go into why you know what I've noticed with people when it comes to money. |
| Speaker 9: | 21:41 | Many of them are stuck in a habit but also a class when it comes to money. So we come back we'll be going more into habits and how you can change or possibly change your financial habits. You're listening to the rich dad radio show with Robert Kiyosaki. |
| Speaker 16: | 21:57 | Richtig coaching offers a phenomenal variety of services and custom strategies all aimed at ensuring a secure comfortable and rich future for you and your family. Now you can get access to exclusive Richtel coaching services through our lifestream if that's reached at dot com and click on the on demand banner at the top of the home page. Great new videos are updated regularly. Get inside knowledge and insights from Robert Kiyosaki himself reached at coaching professionals and more get a Richtel dot com and click on the on demand banner at the top of the home page. |
| Speaker 1: | 22:24 | This is the rich dad radio show. The good news and bad news about money. Here's Robert Kiyosaki. |
| Speaker 4: | 22:31 | Welcome back Robert Kiyosaki. The good news and bad news about your habits. And you can listen to their rich dad radio talk about your time in your schedule anytime anywhere on iTunes or Android and all of our programs are archived at Radio dot com. Our guest today is Charles Duhigg is the author and Pulitzer Prize winning reporter for The New York Times and his book we're discussing today is the Power of Habit Why We Do What We Do in Life and Business. His Web site is Charles Duhigg dotcom. Any comments come. |

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| Speaker 17: | 22:57 | Well I think this is all fascinating and I want to get right into the financial habits. I mean this is why you know we we as we travel all over the world Charles we're seeing people in they and they so want to change their financial habits and they so want to go from where they are to someplace better. |
| Speaker 3: | 23:10 | So I thought was fast and what I was talking to you prior to Camille on the air and you're shifting from the New York Times Pay pro-change New York Times magazine and you said that you're going to be writing kind of on the economy or business and what's happening with people. That's |
| Speaker 12: | 23:23 | right yeah. So that's one of the. So I'll be writing more for the magazine now and for other magazines. And yet in large part focusing on that question of trying to explain sort of what's going on in the economy. |
| Speaker 4: | 23:33 | So you know that's why Rich Dad radio programs here and what we do about that company was formed 20 something years ago is that this is my personal concern. Charles |
| Speaker 3: | 23:42 | is that we have no financial education in our schools and what most people don't realize that money changed in 1971 when Nixon took us off the gold standard and the most silly thing I hear today all these financial planners say save money. You know as a person who has studied money for most of my life why would you save money. It's not going to happen because they can print money faster than you could ever save it and then they invest for the long term in the stock market when they have HFT high frequency trading. And you and I know this thing is topping the markets crash every 10 years and these guys are saving money in the stock market. I sit there going hope my God we're in for a disaster. But every time I say something about this word save because it's not money anymore. That's when I get into my heated discussions oftentimes with reporters. I'm not persona non grata sometimes at the times but they're kind of open minded. You |
| Speaker 14: | 24:36 | know I'm selling them more stuff I think certainly you know the the and I think you've written a lot about this very eloquently that that the more financial literacy we have the more we learn about how money functions the more that we empower cells. Certainly certainly we know that for some people investing for instance in 401k is which is a method of saving. Forcing ourselves to save has as that huge dividends right that particularly if you can do so in a tax advantaged way. And I think the more that people learn |

about how to how to influence themselves and how to protect against their own worst instincts and encourage their best and thinks the more they're empowered to make wise financial decision something.

- Speaker 18: 25:16 But my question to you is like you know I personally for one take him out around 70 for the same time next month taking the dollar off the gold standard. And in my opinion the 4:01 tailor made Wall Street richer and in my opinion you know Wall Street's fairly corrupt. So anyway when I went out on the air and I say well how can you tell people to save money to the Fed and all this stuff. The problem is people don't understand or I have a hard time explaining the whole system of money. Money is no longer money it's a currency. And every government can print as much as they like. You know when I graduate from college in the 70s I can get 15 percent interest on my savings. Then after Nixon took us off the gold standard interest rates I mean I might get to 2 percent on my money and that printing it faster then I can save it.
- Speaker 18: 25:59 And so when I talked to people about saving money I just got this huge visceral reaction because I'm like stepping on the holy grail is words save us a baby. What do I think.
- Speaker 12: 26:10 I think for many people though that they know that they'll think before one as an example I mean what we know from studies is that the 4:01 K for many people is actually a godsend because because regardless of whether it returns a high rate or a low rate it forces them to take money and put it aside for retirement.
- Speaker 13: 26:27 Otherwise they might they might spend that money not on an investment but on some type of disposable good I would not necessarily benefit them in the long run. I
- Speaker 15: 26:35 agree wholeheartedly with you. It was enforced it was mechanical discipline. If you know what I mean goes out of.
- Speaker 14: 26:41 That's exactly right. And there's a lot of research coming out of behavioral economics that looks at this. It talks about commitment devices right. Things that make us do what's in our own best interest in the long term even if in the short term we kind of resent it. And that's a perfect explanation of what saving is for most people right. They would love to use that money for for something like a trip right now. But instead there's something that that enforces discipline. You know I think for many people investing is also a form of enforce discipline that they they know that they're involved

in an investment or perhaps they have debt payments coming up that they have to they have to service and so that that helps them make a wise financial choice as opposed to spending money in the short term which is more immediately gratifying but perhaps not quite as well.

- Speaker 8: 27:20 So let me ask you this Charles. In terms of habits so you know a lot of people will come to our programs or they'll read books or your book and they go oh I should do this. I know that I should do this and I'm going to you know I need to go take this action. Yet they don't take the action.
- Speaker 12: 27:32 Is that is that related to habit when they're trying to do something but they're having trouble actually doing it. Absolutely. So I would say that the first thing and actually smarter faster better there's a whole chapter about motivation of what we know about the neurology of motivation and what we know is that it's much easier to motivate to do something when there's two kind of prerequisites. The first is if you frame it as a choice rather than a command it actually involves parts of our brains that make make action easier. So so one of the first things to do if you're if you're looking at a task is make a choice find something about it where you can make a decision make a choice because it's going to make it easier to start. But the second thing is that oftentimes we're much more likely to access our motivation if we can tie a short term small activity to a larger goal or ambition.
- Speaker 12: 28:17 Right. So. So I was talking to this one neurologist for instance who is he was actually an oncologist a PH an M.D. Ph.D. at Oxford and he said that one of the things he hates doing is he hates grading students papers because it's kind of boring. And so before he starts getting into papers he goes through this kind of like a mantra every single time he does it he said OK if I grade student papers then the university can collect tuition dollars and of the university tuition dollars then they can pay for my research and if they can pay for my research then I'll be able to you know do my cancer research and if I do my cancer research I'll save people's lives.
- Speaker 12: 28:46 So by my grading student papers I'm helping to save people's lives. Now this is kind of a ridiculous thing to say here but it works for him it helps him it helps him find the motivation to start getting the science papers. What's also interesting is this guy is an M.D. Ph.D.. Right. He's he's enormously successful has enormous amount of self-

discipline but he still goes through this like a little mental montra before he starts grading papers every single time.

- Speaker 5: 29:08 Well this is why he is successful. Well that's not good. That's what makes him successful. Yes that's exactly right my repeating that it is. So that's what makes him successfully you a lot of people say to me I'm just doing what I love. I said sometimes you have to do what you don't love.
- Speaker 14: 29:21 Well that's exactly right. But the way that you do what you don't love is by linking it in your mind framing it as a choice but B is something that helps you do what you love tying that small activity to some larger ambition or so when you do that you hold.
- Speaker 15: 29:34 So like with cue routine reward and self-image you do things with a self-image. How do you how does somebody develop the habit of you know doing something they don't love. So they can get to what they do love.
- Speaker 12: 29:48 And I said Well I think by first of all like really explicitly linking that thing to what they want what they actually want. Right so like if you're reading science papers if you're answering emails if you're you know doing something that you don't love the way to make it easier is to say to yourself why are you doing this right. To start with why and say OK I'm doing this because it actually gets me closer to this goal or it helps to uphold this value that I care about. And
- Speaker 14: 30:11 once you have that in your head once you framed that activity that way it makes it much much easier to start and to continue working. We know this from studies.
- Speaker 5: 30:18 So that's what I was taught is asking self why what's in it and it wasn't exactly right. It's not with a Y.
- Speaker 12: 30:24 But the second thing that's also really important is that we know that it's much more helpful that it becomes a habit if you give yourself a reward afterwards. Right. So let's go back to the exercise. You know we know that that if you get a reward after exercising and said he showed us that you're more likely to exercise again to make it into a habit I thought well and think about how my thought was interesting. So the reward might be a piece of chocolate which is actually there was there was a study that was done out of Germany that showed that eating a small piece of chocolate after exercising actually made it more likely that people will develop an exercise habit. But think about how most of us

end up exercising. We like wake up in the morning and then we go for a run and we get home and then we're running late. Right we gotta get the kids.

- Speaker 13: 30:59 We like rush to get the kids to school and we rush to our desk and we're behind every word. And that's exactly what you're in effect punishing yourself for exercising your brain pays attention that you're bringing attention to how you punish yourself and how you reward yourself.
- Speaker 5: 31:12 That's fantastic Charles. That's fantastic. So
- Speaker 14: 31:14 the reward turns into a punishment that's unless you unless you deliberately reward yourself. So what you should do according to these studies is give yourself be strong with or take a nice long shower give yourself a smoothie when you've done something that's hard. If you reward yourself and explicitly reward yourself and allow yourself to enjoy that reward your brain notices that and it makes it easier to do that the next time. So
- Speaker 15: 31:33 the medical doctor a Ph.D. guy he so he was grading papers. And he gave himself a reward.
- Speaker 12: 31:40 Yeah he would go to his mother and then he after after he was done grading he always had this like routine that he would give himself either like something to eat or a milkshake or a glass of scotch if it was in the evening he like very deliberately would reward himself after he was done with that task.
- Speaker 13: 31:53 Here's what he knew. He knew that there was an influence to it.
- Speaker 8: 31:57 And here's what I like when you're saying you're typing is something you don't want to do but then you tie it to the thing that you love to do or that you want to accomplish that. That's the formula for getting rid of procrastination.
- Speaker 14: 32:05 That's exactly right. That's exactly right. It makes a huge difference.
- Speaker 15: 32:08 So do you have any examples of the big picture the big reward whatever it is.
- Speaker 14: 32:13 Well I think it depends from person to person and it doesn't have to be a big reward right most most habits actually are built on small rewards. In fact there's a there's a whole branch of research it's called known as the science of small

wins that looks at wott like what types of rewards are most influential and what they found is that the most influential rewards frankly are small rewards because they tend to try to give us sort of compounding motivation like nobody ever nobody ever says like I'm going to do this thing every single day because 30 years from now is going to pay off. Now they say I want to do this thing every single day because after I do it I give myself like a small piece of chocolate. Right. Small rewards tend to be the most powerful because we can deliver them quickly and because our brain is essentially in what's known as hyperbolic discounting it tends to prioritize and immediate reward as being much more rewarding particularly when it's unexpected than a long term reward that takes a long time to achieve you on task because that's like somebody said I want to run the marathon and to have an exercise in 20 years and then that's exactly right.

- Speaker 14: 33:10 That's exactly right. And that's a great it's great to set big goals like that right because it helps us it helps us figure out what to do every single day. But running a marathon is not enough of a reward in and of itself.
- Speaker 5: 33:19 I suppose it depends on how you feel about it if I get up every morning for about running a marathon I go back to bed.
- Speaker 19: 33:27 So let's go now. CHARLES Well were all the time when we could go on forever like this fantastic book The Power of Habit. And again his latest book is smarter faster better. The transformative power of real productivity. Please go to his Web site Charles Duhigg dot com and the comments now.
- Speaker 8: 33:42 Thank you Charles. This is great and I love this piece on the. Q I mean it really is you're really teaching people to be aware of what's going on in their life. I mean you got it you got to be aware to see what those cues are you got to be make Be mindful of the reward you're going to give yourself. And I'm going to I'm going to put this all into practice I'm excited.
- Speaker 9: 33:56 So thank you for the work you're doing and sharing sharing your gift with the world. Very very important. Thank you so much. Come back I want to ask why you're listening to the rich dad radio show with Robert Kiyosaki.
- Speaker 10: 34:10 Every business owner and real estate investor needs asset protection entities like I I CS S or C Korps are vital to protect yourself and your business. Let corporate direct guide you

through the process of forming a corporation or LLC corporate direct is owned by rich that adviser Garrett Sutton and as Robert Kiyosaki choice for corporate formation mentioned rich dad and received one hundred dollars off a formation called eight hundred six hundred 1760. That's eight hundred six hundred 1760 or visit online at corporate direct dot com. That's corporate direct com.

- Speaker 16: 34:41 The key to achieving your dreams is to develop a rich mindset instead of an excuse mindset. Instead of saying I can't afford that ask yourself how can I afford that. It's amazing how a simple shift in thinking can open a world of new ideas and endless possibilities. Let the rich at company help kickstart your journey to financial freedom. Robert Kiyosaki and the rich debt company have compiled Roberts top secrets to creating a rich mindset. Now available in a 10 minute ebook how to achieve a rich mindset. This offer is available for a limited time only. So get yours today. Get your free ebook how to achieve a rich mindset. Go to Richard at dot com and look for the banner again. This is available only for a few days so act fast go to Richtel dot com and look for the how to achieve a rich mindset banner.
- Speaker 2: 35:20 Log on to Rich Dad radio does come while you listen. Now back to Robert Kiyosaki. Welcome back Robert Kiyosaki of the rich ratio the good news about news about money.
- Speaker 19: 35:28 And you can listen to the Richtel radio program anytime anywhere on iTunes or Android and all of our programs are archived as much dead radio dot com. We are kind of them so good to have a chance to listen to those again or share it with your friends family or business. The state needs to change some habits once again. Charles Duhigg author and Pulitzer Prize winning reporter for The New York Times. He's the author of a smarter faster better which came out in 2017. The book we discuss today is the Power of Habit Why We Do What We Do in Life and Business. And for anybody with habits especially bad habits or addictions you know please get that book because we are creatures of habit and a comment and one thing that we didn't get to.
- Speaker 17: 36:04 I talked to Charles at the break and I was asking him you know this whole 21 day rule if you do something for 21 days well that create a habit. And he said Actually there's no there's no scientific study that proves that to be the case. And what he said which I really loved goes in two days a piece of chocolate can change a habit just by giving yourself a little reward. So I loved this. Q You know be aware of what those cues and those triggers are that are that that

kick off the habit and then give yourself a little reward. I love that. I mean we can do that.

- Speaker 19: 36:28 So and as I suggested to Charles. Two books one is called white working class because it's really in a class war right now big time between people like Trump and Hillary and Obama and the white working class is about people who are academic elites like Obama and Hillary versus the white white working class and most don't go to college. And I think while the solution is to go to college but as you know the rich dad will think going to college is not a good idea. Not even saying it for the first time no go to trade school. Maybe but there's no financial education. That's one of them instead. Company comes in with a look but I understand money which is why I don't save money because that present of money yet. New York Times unfortunately they keep endorsing saving money and saving on a financial plan and going oh my God.
- Speaker 19: 37:11 By the way that's because because that's what most people can do with it you know they can't even change your habits so you can submit your questions to ask Robert at Rich Dad radio dot com. And now we go to Melissa Melissa. What's the first question I asked Robert. Our
- Speaker 20: 37:23 first question today Robert comes from Emma in Portland Oregon. Favorite book rich woman. All
- Speaker 17: 37:28 right Emma See I love Portland Oregon we used to live. I went to high school in Portland and I lived in Portland My very first property was in Portland. Thank you Emma.
- Speaker 20: 37:35 Emma's question is this. She says How would you advise someone on how to overcome bad habits.
- Speaker 19: 37:41 So let me just say with what Charles said in his book is those good habits and bad habits but understand what habits are why we have habits and what he says in his book The Power of Habit is habits are a shortcut to learn. So like we don't have to learn to brush our teeth every morning so once we make it a habit you know most of us can brush our teeth and think about something else. So a habit was really a learning pattern that becomes part of our daily routine. And so what Charles was saying is that the key to the routine of the reward is for us to be aware of the habit and then go through the cue routine reward to get his book and the comments can be aware. Like

- Speaker 17: 38:14 pay attention to what's triggering it. Right. You have this bad habit what's triggering it. Then you've got the behavior and then you give yourself a reward. I mean it's pretty straightforward. What else I loved also that he said. Because a lot of times we procrastinate I procrastinate on things I don't want to do. And he said if you can tie that thing that you don't want to do to something bigger that you love to do or that you really want to accomplish in a big change you want to make it then that will relieve the procrastination. So if I don't want to sit down and write an article I'll go with if I write this article then it will get me into this publication if I get into this publication where people will see it and more people will buy rich woman and editor. So you tied to that that relieves procrastination. So simple. It's so simple.
- Speaker 19: 38:53 So the next question please Melissa.
- Speaker 20: 38:54 Our next question comes from Bruce in Scottsdale Arizona. Favorite book Rich Dad Poor Dad. The question is What do you consider good financial habits. That's
- Speaker 21: 39:03 a good question. I mean fantastic question. In your free book for that which is as you heard what I said is I study a lot. I flunked out of school. I didn't study because it wasn't my subject. So step number one is study but you've got to find something that you're interested in. I like money. I studied it. But I think the worst thing that people do is save money. I think we're in for a huge disaster personally and I've been studying Rickard's book The Road to Ruin and I'm watching the price of gold right now and we're taking evasive action now and in the book Road to Ruin is why we're in an economic crisis and the definition of intelligence is if you agree with me are intelligent and reckless and I agree 100 percent with each other. You know the problem is we're printing money and people still say save money.
- Speaker 21: 39:49 So to me saving money is a stupid habit. It is really stupid when after 1971 this printing money well why would you save money in a 401k and mutual funds when the biggest only people getting rich are the guys that are you sending that money to the bankers financial planners. Now if that's the best you can do then you should do it exactly as Charles is. You know it's better it's better to have a mechanical hand with a governmental rip some money out of your paycheck every month because you're such an idiot. And they sent it to the guys that are stealing from you. But to me it's not that smart but it's better then you're going to Kmart and spending it. Any comments.

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| Speaker 17: | 40:22 | Yeah yeah well you know some of the on the smaller scale to enrich that port that you write about some of the early habits that we did and one time one thing was we hired the bookkeeper because that's a big difference. Right. Right. So but here's the thing when we hired a bookkeeper that wasn't a habit that it forced us to do is twice a month look at our finances. |
| Speaker 19: | 40:40 | That became the habit and Kim became a genius doing that. |
| Speaker 11: | 40:42 | He had me as a husband yes I'd be nothing without you start telling me. You are able to correct my bad habits. |
| Speaker 19: | 40:48 | Well it forced us to look at what was really happening and that was the habit to look at our finances every twice a month was coming in and what's going out the other habit we had was the book keeper was not emotionally attached to numbers but there are a lot of times we lie about our own numbers because I don't want to admit that I'm screwing up or I'm an alcoholic or whatever it is you know what it mean my bar bill is more than my paycheck. And I mean look at that stuff. |
| Speaker 17: | 41:09 | Right. And another habit we had was we had our three piggy banks. You know one for saving one for tithing and one for investing. And that was a habit every time we had extra change we put it in the piggy bank and it was even. |
| Speaker 19: | 41:18 | We did it before we paid anybody else. Yes. Which drove better the bookkeeper nuts because she says we got to pay your bills for us. |
| Speaker 17: | 41:24 | Say Betty you pay your bills for us we're going to pay ourselves for the three bigger banks yet with every single dollar that came in before we did anything we took 30 percent off the top including the piggy banks. |
| Speaker 19: | 41:32 | But the bookkeeper's still poor but we got rich because we change that habit of paying ourselves first or not paying the bills first and it's still a habit we do today just write bigger numbers. And the other thing we do is we don't ever say to ourselves You can't have anything if I want your Ferrari I go get it. But first off to acquire an asset that pays for a Ferrari. Now that takes extreme difficulty. Default means extreme dedication and discipline to do that. But that's why we have reached as coaching staff education online programs. You've really got to get financially educated because if you have a bad habit of listening to your schoolteachers |

financial planners or your mommy and daddy or your friends you'll probably be poor. You'll realize over 60 percent of Americans can't get their hands on five hundred bucks in an emergency.

- Speaker 19: 42:10 You can listen to those idiots. That's a bad habit. So that's what all of you are listening to Armitstead Radio thank. And and really I love this guy Charles Duhigg because it's really not about big things it's about the little things are our money habits are very very good. You know like I wanted a new Ferrari I could have anything I want. I just have to first find an asset that pays for the Ferrari and while I can't do that. Well we started off with Betty the book keeper that's why you know what I mean. And we pay ourselves first. So do you have a problem.
- Speaker 17: 42:38 And that's a bad habit. I mean a lot of people have habits they don't even realize they have a lot of times from women I hear this oh my eyes glaze over when I look at the numbers Oh I leave that all up to my husband like I don't want to look at it. Oh. The statement came in I'm not going to open it. It's like those are all bad habits. I mean they do it unconsciously it's like oh no I don't want to do that but you better if you want to be more secure in your life you better start changing some of those bad habits. And
- Speaker 21: 42:59 if my husband and my husband fooling around and get divorced I take every penny he's got that's there.
- Speaker 11: 43:03 That's a big support. That's a business plan. We're going to jump out of the house and we've seen it every single day. I mean I hear about it every single day. And their business plan is divorce they take their money and that's questionable. Our
- Speaker 20: 43:16 next question comes from Chase in Reno Nevada. Favorite book Midas touch. Question is this Are we born with our bad habits or do we acquire them from the environment surrounding us. I
- Speaker 19: 43:26 think it's a little bit of both. The reason I recommend miracle mourning is because miracle morning has allowed me to become a student of the mind. Pretty much all eyes are of my thoughts and it's really interesting to observe my thoughts every day. I'm just kind of screwed up. You know I got this goofy thought he had this goofy thought there you have a huge ego. By the way is a book called ego is maybe we a fantastic book as most of us are running by our egos. So it's a matter of just being aware which is what Charles is

saying. You start with that becoming aware and comments about him.

Speaker 17: 43:57

Well I think I think a lot of them too are learned and I was just laughing because Charles talks about a thing called keystone habits and these are things that if you do like exercise a lot of other good things will come of it. And one of the examples in his book is making your bed each morning. When I asked him about that he said well some people that's how they feel in control they feel out of control in their lives so making their bed each morning puts them in control and I think God I've never ever make my bed and I'm looking back why don't I ever make my bed. And I remember as a kid every morning got to make your bed came you got to make your bed. So I think it's just rebellion. I'm still rebelling from when I was a kid. I don't want to make my bed. Don't tell me what to do.

Speaker 19: 44:29

You hire a better bookkeeper and then you can hire someone to make you better bed. There you go. What I want to thank Charles Duhigg and thank you all for being fans of their rich dad radio program. And you can submit your questions to ask Robert at Rich Dad radio dot com. So please be aware of your habits and go out there and become richer and happier. Thank you.