

Speaker 1:	00:01	This is the rich dad radio show. The good news and bad news about money here's Robert Kiyosaki.
Speaker 2:	00:08	Hello. Hello I'm Robert Kiyosaki amateur radio show. The good news is bad news about money. Boy do we have a very important show for you today. And we have a very important guest for us in our studio with us today. Today is Tom wheelwright. He's
Speaker 3:	00:21	a CPA is my co-author on the book why the wretched getting richer Well taxes make the rich richer and my sweetheart Kim. But today our special guest is Dr. Arthur Laffer. He's a founder and chairman of Laffer associates. He is Creator of the Laffer Curve also known as the father of supply side economics. DR. Lapham was a member of President Reagan's economic policy advisory board and he is the author of an inquiry into Nature and Causes of the wealth of states. So the reason this is important the question I always ask people what is the single largest expense and for the working class and I like doctors and lawyers and all that those who work for money has been the single largest expense to taxes and there is Tom and I wrote the book why the wretched getting rich as average person has no idea about taxes are completely clueless. So jumping right into it I'm going to ask Tom who is a groupie of Dr. Laffer. Why do you respect Dr. Laffer so much Tom.
Speaker 4:	01:19	You know you have historically I mean you came up the Laffer curve obviously and an end to the relationship between taxes and how taxes affect the economy. I just think that's such a critical dialogue when we're talking about tax. You know the tax consequences of any tax change whether it's up or down or sideways.
Speaker 5:	01:35	Well thank you. So Dr. Laffer would a quick background. Why did you do what you do. I mean why are taxes so important to everybody in the United States as well as the world.
Speaker 6:	01:44	Well there are a huge percentage of all of our expenditures as you mentioned. I think it's what 34 35 percent of all GDP is is tax and state local taxes are about 70 percent of federal taxes and you've got federal taxes there which on average over a long period of time are about 20 percent of GDP. So
Speaker 7:	02:01	you've got a very very serious component and it affects behavior in many many ways and the one way I like to describe it is that is it Robert is that economics is all about

incentives and people liked doing things they find attractive and they're repelled by doing things they find unattractive. Government policies specifically taxes can change the attractiveness of activities.

- Speaker 8: 02:24 I mean if you tax people who work and you pay people who don't work. Amen. Do I need to say the next sentence. No.
- Speaker 7: 02:31 I've been saying you know what you also have to understand is two things. Is there are two types of incentives or positive and negative incentives. And by way of illustration you know positive instead is tell you what to do and negative incentive to tell you what not to do. Taxes are a negative incentive. They tell you what not to do do not report taxable income but they don't tell you how not to report the taxable income. So one thing that's just been so mishandled by government is they try to put all sorts of positive incentives in a tax structure which is the wrong thing to do. A tax credit or a tax deduction is not the proper way of sending something. Write them a damn check. And that's the right way to do it. So we should have a low rate broad base flat tax to provide people with the least incentive to evade avoid or otherwise not report taxable income.
- Speaker 7: 03:20 And we should have a broad base so that they have the least places they can put their income without paying taxes and then for all the positive programs we want to do don't do deductions exemptions credits and all that stuff. Write them a check and then you know what you're doing and you will be rewarding people for that behavior whether they pay taxes or not.
- Speaker 9: 03:37 So Dr. La Laffer you're an advisor to President Trump and you've advised him on his new tax plan correct.
- Speaker 10: 03:45 Yes. But don't overplay that card. I've got to sit in there with him over the evening. OK. So what but indirectly we've all been doing OK.
- Speaker 9: 03:54 Well you're very humble but what do you think of the plan. What is. What needs to happen. Parts
- Speaker 6: 03:59 of the I love love love part of the plan and there are parts I don't like but that the overall plan is very very good. I mean I love the corporate tax rate reduction. You know we've got the highest tax rate in the CD period. In 2000 we had the we had the seventh highest and we haven't changed our tax rate. Everyone else in the world lowering theirs. This will be a huge boon to the economy. I love the simplification going

from seven brackets to three. I like getting rid of the estate tax. I think it's the most disgusting immoral tax that's ever been. You know there are large amounts. I like the expensing of capital purchases again very greatly incentivizing production output and employment. So on balance I like it but I don't like the increase in the deduction.

- Speaker 6: 04:38 I don't like the family tax credit. There are a couple of other things in there that I don't think make any sense but what I do like Excuse me but I do like that and eliminating the deduction for state and local taxes. That is really wonderful. Tax States should not subsidize high stack tax states in their state budgets.
- Speaker 5: 04:54 Yes. Just be aware that we are an international company so broadcast so if you can also include what's how it affects other countries in the world. But this is pretty quick. This is my quick question. Why would somebody oppose logic.
- Speaker 10: 05:10 You're asking the wrong person that question. Go talk to Schumer or Nancy Pelosi. Ill tell you how they do it every day.
- Speaker 11: 05:16 I sit there everyday I listen to these guys and I get it you know because we just got Tom and I were in Brazil and Kim and I were just in Paraguay and Argentina and those guys are getting taxed to death.
- Speaker 5: 05:27 I mean it doesn't make sense to tax people who produce and why that we are. Why don't we give money to the freeloaders who run our country. You know why.
- Speaker 6: 05:36 Why does God bless you. I'm just raising that question begs the answer because it's obvious what the answer is. If you tax people who work and you pay people who don't work you're going to get a lot of people not working. You get tax rich people and give them money to poor people you're going to get lots and lots of poor people and no rich people. But
- Speaker 5: 05:51 why. So why all over the world. I mean Tom and I just came back in and in Brazil the people are angry but also stupify. They don't know what to do. Brazil
- Speaker 4: 06:01 you may know that Brazil's taxes are a mess. I mean they have the highest compliance cost in the world.
- Speaker 6: 06:07 I know it's terrible in Brazil I've been down there many times over the years and you know as I've as you probably know I

worked very closely with Chile in the early 70s with the revolution with the Castro and polluters. It was Pinochet I worked with all the Chicago Boys. You know I've done a lot over there in Argentina with mentum and that whole group. And those were all my students there as well and obviously with Margaret Thatcher I did work with her a great deal. So it's it's a universal problem right now. I was at the tax conference in Morocco in Casablanca and with all the sub-Saharan tax collector trying to explain to them that you don't want to kill the goose that lays the golden egg and it's very hard for them to understand you know that the objective of government is not to tax money. The objective of government is great prosperity of the citizens.

- Speaker 10: 06:52 It's very hard to get them to understand this. Why. Why.
- Speaker 7: 06:56 Because their jobs basically. Let me tell you one. I was just in a debate up in Kentucky in Lexington and it was supposed to be balanced but more conservative right wing left wing republican democrat. All this balance except every person I debated whether they were liberal or conservative left wing or right wing whatever it was they were all recipients of government largesse. They were professors at the state universities they were welfare recipients by parts of tax credits. You know they live on tax revenues and you know you can't expect them to be unbiased objective observers. They want to protect their income stream. And what they're doing by trying to is they're destroying the economy right. Right before their very eyes. Amen
- Speaker 5: 07:34 brother amen. Hey once again our guest today is the infamous who made infamous Dr. Arthur Laffer. Yes he is a credo the famous Laffer Curve and Tom wheelwright is a groupie of Dr. Laffer. Simply because you know he and I always talk about the 86 Tax Reform Act and all this and how it made a guy like me a richer but it made other people poor and all this stuff. What do you have to say Tom is also rich that adviser on taxes. I'll do it for Tom Wilson to his book tax free wealth because we're doing our best at Richard out here. We're doing our best to educate people like those communists who are professors about how taxes are killing us.
- Speaker 12: 08:10 Robert why would you send me an autographed copy. Absolutely. I'd be honored to see it.
- Speaker 4: 08:15 Hey I have a question though. So with the 86 act I mean one of the clear consequences of the passive loss rules in the 86 act was we ended up with the savings and loan debacle.

OK. Because they're always saying that what happened was basically basically what happens is what happened in 86 is we had a change to in the middle of the game basically you could deduct losses from real estate. And so people pulled their money out of real estate and it contributed at least to the savings and totally So for the people throughout the world we used to have savings and we have none.

- Speaker 13: 08:49 And it's the same thing as our banks today we're down to four major banks that's all. And we had 40 in 1999 in 1990. So the whole financial system is collapsing because of taxes.
- Speaker 4: 08:59 Right. My question is how do you how do you deal with the fallout in economics. I mean you're right. I mean you know the premise actually in my book talk Laffer is that the tax law is a series of incentives and that's really all it is. And so you have all of these incentives you take them away then you obviously have collateral consequences. How do you how do you think you deal with that in in a tax plan like the Trump tax plan.
- Speaker 7: 09:21 Well you know the question is how do you deal with that as a government official trying to make for a prosperous country. Or how do you deal that personally in order to preserve your wealth. Those are two very different questions.
- Speaker 5: 09:31 All throughout the world like Tom I just got back from a terrible horrible problem.
- Speaker 7: 09:35 Just very very true and it's always been true. Right. You've got a bunch of bozos in government who don't know straight up from them. They sit there and they get lobbied to death. They vote for all sorts of stuff they've never even read. And then you wonder why you've got a bad tax code which is exempt. That's why I want to take the power to tax away. I did Jerry Brown's flat tax when he ran for president in 1992. Let me explain to you what I did. I got rid of all federal taxes completely except for sin taxes whose purposes were not so much to raise revenues as they were to change your sin taxes on cigarettes and alcohol and I jokingly say I jokingly say I guess Americans don't like drunk people smoking Well they shoot each other.
- Speaker 12: 10:11 Yeah.
- Speaker 7: 10:13 But then I replaced all federal taxes all of them. I got rid of the income tax the corporate tax I got rid of all payroll tax I

got rid of Medicare Medicaid tax excise tax and Thera's everything except the syntax. All of them and replace those tax with two flat rate taxes one business net sales which has value added and 1 on personal on adjusted gross income with no deductions exemptions or exclusions. You pay the same flat rate tax from the first dollar last and it was at eleven point eight percent came out the static revenue negeri raised 13 percent. But that is my ideal for a tax vote is get these people out of the business of fiddling with our tax codes. Make it a low rate broad based flat tax and just get on with their business. So

Speaker 9: 10:49 your premise is that if you can reduce all these taxes it's going to spur the economy people are going to get back to production because right now there's too many people too dependent on the government money. And that's why things aren't moving forward.

Speaker 7: 11:00 Exactly what let's take the great crisis the great recession back then they proposed as you know W had his big stimulus package and Obama had his big stimulus package all of their stimulus packages added up to 3.7 five trillion dollars. My proposal was very simple. Have a tax holiday. Total tax holiday of every federal tax for a year and a half that the dollar amount would have been exactly the same. But can you imagine what production would have happened had we had no taxes for a year and a half. Oh come on. We would be selling cars in the central China we'd have a harder time idle people would be working 1000 hours a day and dying of heart attacks on production lines just to make that extra buck. I mean that's what you need to do you need to make production and income profitable and you'll find people doing it. If you make production and income on properly you won't have a great recession. That's just what they did.

Speaker 4: 11:43 So I'm glad to hear that you agree with me that the value added tax is is really one of the answers here right.

Speaker 14: 11:48 It's a great tax. As long as you get rid of other taxes if you use it as an add on it's a killer.

Speaker 4: 11:54 Yeah. But when you when you look at the corporate rate I say value add value added taxes. The gross it is really like it's like a sales tax only it's on the seller not the I mean it's based on consumption based on consumption. Right. So that's a value I think most countries have a value added tax. And actually you know my my my premise is that it seems to me that the corporate tax rate. Yeah it's too high. But

really what's missing is the value added tax because we get hammered when we export to countries. How do you add tax and import from countries. And then we don't have that value added tax.

- Speaker 6: 12:23 You know the problem with profits tax is why would you ever want a tax profitable companies that make good quality products at low cost and don't use lawyers and accountants and diverting income specialists and favor grabbers and lobbyist who make lots of profits why would you want to tax them and not tax the losers and make rotten products. No one wants and spend fortunes lobbying government for subsidies.
- Speaker 7: 12:43 Agreed. You want a value added tax in replacing income taxes replacing it not adding the corporate tax altogether. You never want to tax profits you want to tax the use of resources which is of value added tax. So
- Speaker 9: 12:55 let me ask you Dr. Laffer because some of the argument against Trump's plan is saying that the middle class are going to get taxed more and more and more is that is that the case.
- Speaker 7: 13:02 Well let's hope we create middle class that does pay tax. The whole purpose of Trump's plan is to get economic growth and more employment. If you get more employment more economic growth and higher wages you'll hope they pay some tax. Yes the dream. I want to make the poor the lower class of the middle class. I
- Speaker 9: 13:19 want to make the middle class upper class because the middle class right now is becoming the poor class. Yeah
- Speaker 14: 13:23 . Now what I want to do is make them become the rich class. Yeah. You know there's nothing wrong with being rich and there's something disgustingly wrong with being poor. Really it's true. You don't want to make the rich poor what you want to do is make the poor rich balance up don't balance down. There's nothing wrong with rich people with poor people and it means that they don't have income. They need more income. And you've got to do that by creating jobs.
- Speaker 5: 13:45 So stepping back and looking at the U.S. as well as the global situation we have the rise of people like Bernie Sanders you know and hardcore socialists. And he's talking about the gap between the poor middle class and all this



stuff. But aren't people like them part like Bernie. Part of the problem.

- Speaker 14: 14:02 Sure. I mean Bernie Sanders lives off government largess he gets paid by taxpayer funds. That's what he does. He likes controlling other people's money without bearing any of the consequences. It's very easy to spend other people's money. Oh yes Margaret Thatcher said it's what socialism is wonderful until you run out of other people's money.
- Speaker 10: 14:21 She was right on that. You know the whole truth is these guys are these guys are love and spending your money without bearing the consequences of it. Yes they do. Seems
- Speaker 15: 14:29 like we're squarely in the Atlas Shrugged territory here.
- Speaker 7: 14:32 You are completely in it and that's wonderful because we've always been in it and we've always had this battle between the Atlas Shrugged good guys and that a shrug bad guys and you know we're winning. I just want you to know we are winning.
- Speaker 6: 14:43 But on my kind of last I'm 77 years old and all my life it's been this glass thing is though the welfare recipients versus the producers and you know we are when we in 19 46 the highest marginal income tax rate was ninety two and a half percent. Can you believe that Jesus we've got it down a lot. We used to have we used to have every state was a forced union state. You know we had all of these blue laws and all of this stuff. We're making progress but it's slow it's taking my whole lifetime and I'm sure it's going to take a lot more lifetimes. And
- Speaker 9: 15:12 so Dr. left left with with when he talked about welfare and all these people and government I have heard it's like over 50 percent now have some kind of government subsidy is that is that correct and if so I don't know if it's 50 but it's a lot a lot lot of money. Do you think. Do you see are you optimistic on how this is going to play out and how we can regain. Because
- Speaker 7: 15:28 turn that if it's a it's a if it's 100 percent you'll have a 100 percent distribution's nothing. Right. It's a goose once you kill it the golden egg stop and then they really get. Wait a second. I don't like this answer. Let's go back to capitalism.
- Speaker 10: 15:41 That's the way it happens. After after Johnson Nixon Ford and Carter socialist you know the the four Stooges I call



them the largest assemblage of bipartisan ignorance ever put on planet.

- Speaker 7: 15:53 Once you get to that stage it gives you Reagan and then once you get through Reagan and Clinton Bill Clinton by the way not Hillary. But once you get through Reagan and Clinton you had a great period and then we get back to the socialists. We'll get back to W. and Obama who who you know just spend everyone else's money like mad. Now we got a time that we're going to go back to growth again and it's going to be loads of fun by the way people.
- Speaker 6: 16:15 Yes. I mean nothing more fun than being in a prosperous economy. Is there are there any country is that in your opinion have got this tax thing correct or you ought to see the biase the tax codes that the Isle of Man or Hong Kong and there are a bunch of other countries that are much better Texaco's than we do. And you would just delight where they have tax limits. You get taxed 10 percent up to one hundred twenty five thousand dollars total taxes paid and no more taxes. They've collected enough from you.
- Speaker 16: 16:40 Do you think they want you to work hard and then work harder.
- Speaker 8: 16:43 Of course it's a hard luck model. It's what I do with my students.
- Speaker 7: 16:48 I make it so they come in the class exhausted they work so hard and then I put them through the hoops.
- Speaker 15: 16:53 If we lower taxes corporate taxes especially down to 15 20 percent. Do you think we would have so much attraction that we'd be bringing companies from other countries. Of
- Speaker 7: 17:02 course that's why our companies are going there and they'll all come back. They won't go there anymore they come back and will be the tax haven for all these foreign companies. It's just nothing but good news.
- Speaker 12: 17:12 You know when it be nice for the U.S. to be a tax haven now I think that's what I've been working for all my life.
- Speaker 11: 17:17 So Dr. Laffer I realize your time is constrained. Thank you for the time. If we if possible could we have you back on a future date. I would.
- Speaker 6: 17:24 I would love to have one of Tom sends me his book in June.

Speaker 12:	17:26	Right. You got it to me.
Speaker 7:	17:29	I just sent it to me with a nice little note to me in there. Sign your name and you know whatever it is. And I would love to come back as soon as I get that book I'll be welcome a call from you to do that.
Speaker 12:	17:39	Thank you. Thank you. Thank you doctor. You guys are great. Thank you.
Speaker 17:	17:43	Good work. Thank you. When we come back we're going more into with Tom you know what you can do about taxes as the main time those people who want who really wants you to work harder and so they can tax you for.
Speaker 2:	17:54	That makes no sense. What's a lot of those guys. We'll be right back. You're listening to the rich dad radio show with Robert Kiyosaki.
Speaker 18:	18:05	Reached 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 weekly access to exclusive reached at coaching services through our live stream events reached at dotcom 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 rich dad coaching professionals and more. Go to Richtel dot com and click on the on demand banner at the top of the home page.
Speaker 1:	18:33	Log on to richtig radio dot com while you listen. Now back to Robert Kiyosaki.
Speaker 2:	18:38	Welcome back Robert Kiyosaki of the best radio show. The good news and bad news about money Dr. Art Laffer was our guest. He's so busy because he's advising the Trump administration right now on taxes as well as the rest of the world on taxes.
Speaker 16:	18:50	Because as you know the world is full of these quasi communists who believe in taxing the rich and giving to the poor which I call the Robin Hood theory of money. You know I was a CPA an accountant and adviser. Your book is tax free wealth. Why is it that you're such a groupie with Dr. Laffer. Well
Speaker 15:	19:08	you know Doc Doctorow I mean created the Laffer Curve which is basically all it says it's very simple just says if you

tax somebody more they will work less if you take somebody less they'll work more and produce more. So. Wow really. I know.

- Speaker 9: 19:20 So the Laffer curve actually is if you tax somebody too high then then production decreases and revenue decreases that tax revenue. So
- Speaker 15: 19:27 I think that was the point at which there's a happy medium. Basically there's an optimum point for taxing where taxes don't matter anymore to somebody.
- Speaker 19: 19:35 So is that why there's so many people who hate working. They love taxing people because it is an excuse not to work.
- Speaker 15: 19:41 I mean obviously we're the people who were on other side of the money. Love it. OK. I've got to say that's exactly what he's saying. You know the people who are getting government money they love it.
- Speaker 9: 19:49 Until there's no more government money to give away that argument that if you if you reduce corporate tax and you reduce personal income tax then tax revenue goes down. Is not is actually not the case.
- Speaker 15: 19:59 Well no that's actually Dr. Laffer's premise is that if you reduce taxes that's what you call it supply side economic economics. The more you reduce taxes the more you produce and the more taxes that produces because a lower rate and more production you get more taxes. And that's why he seems not to care so much about you know Will this add to the deficit because his belief is that it will increase production so much that everybody you know you know rising tide lifts lifts everybody right to a certain you know time and I were just in Brazil and Kim and I were in Paraguay and Argentina two fabulous countries but their economies are broken. And it shows up in taxes Yeah it really does that when you see really complex tax systems and really heavy taxes. And Brazil just has really really heavy taxes and you tell I can tell talking to the participants at the events that they really didn't understand them at all.
- Speaker 15: 20:52 OK. And so they've got all these taxes that are slammed They just know. Wow. A lot of my money is going to taxes so why would you work so hard if you're paying 60 70 percent of your money into taxes.

Speaker 9:	21:02	Why would you really work for saying you wanted people to work work work work work really really hard to produce produce produce and then growth happens.
Speaker 19:	21:09	Let's talk about what he said at the Isle of Man after hundred twenty five thousand is tax free so people work hard they work harder. Right. That makes sense to you.
Speaker 15:	21:16	Right. And I like I like his idea that you know you don't tax the people who are successful and not tax people are unsuccessful you tax everybody OK whether you're successful or not based on what you use the other resources what do you consume.
Speaker 13:	21:29	You know what not Republican or Democrat here but when Obama left office he gave his mother in law a sixty five thousand dollars a year when it called Retirement Plan for being a baby sitter. Holy moly. What do you think of that Tom I mean. Sixty five thousand come from.
Speaker 15:	21:45	Well obviously it comes from taxpayers. I mean that's the thing is that all the money that's given to somebody else comes from those who are producing and typically right now it's the middle class and that's the challenge the middle class faces that the taxes are on the middle class.
Speaker 13:	21:56	Can a human being actually expect the taxpayer to take care of them I don't understand that. I mean it is so outside my value system. I don't want anybody to take care of me. Where did that idea come from. The
Speaker 15:	22:08	whole idea that everybody deserves a living salary and that's that's how I did between Social Security. So security minimum wage social and universal universal income I think Bernie Sanders stands for basically is entitled.
Speaker 2:	22:19	Look if you love that mindset that's a free country. I just personally don't understand it. So we come back we'll go into why the rich are getting richer. And here's a hint. Taxes. We'll be right back. You're listening to the rich dad radio show with Robert Kiyosaki.
Speaker 20:	22:35	Do you own an LLC or LP are you aware of the new rules. The IRS has mandated new audit rules that require every LLC operating agreement at LP limited partnership agreement be amended. This dramatic requirement has never before been experienced and changes must be made by December 31st corporate direct owned by rich data adviser Garrett Sutton can guide you through these new

rules. Call 800 600 1760 That's eight hundred six hundred seventeen sixty or visit corporate direct dot com. Contact corporate direct day to stay in IRS compliance.

- Speaker 1: 23:08 This is the rich dad radio show. The good news and bad news about money. Here's Robert Kiyosaki.
- Speaker 2: 23:15 Welcome back. Got to get some of them a check. The good news about news about money. And listen to the best radio program on your time in your schedule because everything is our everything is on iTunes or Android and also all of our programs are archived at Radio dot com. We archive them because repetition is the way we learn best. And
- Speaker 19: 23:31 if you listen to this program again especially a level all those communist republics where the leaders believe in taxing the rich and giving money to themselves This is a very interesting program to listen to I guess today was Dr. Arthur Laffer credit the Laffer curve or a simple curve but very simply saying is that if you punish the producers reward the freeloaders. The entitlement program people who believe I'm a government employee should I should I should have a pension for life and it's social security Medicare Obamacare and all this. And one of the reasons they have to raise taxes is because all these guys who are freeloaders on the economy. That's what Dr. Laffer is saying. And his book was on the New York Times best sellers book. It's an inquiry into the Nature and Causes of the wealth of states. This is focus that the United States but it gives you.
- Speaker 19: 24:18 If you're a U.S. citizen I'll look at it. It gives you the most horrible communist states in America and a time of really happy. Arizona is way up there as not one of them. And then some of the worst states of course are Hawaii California Rhode Island New Hampshire Massachusetts and those communist republics so if you like paying a lot of taxes people living in those states. But Nevada is way up there Utah is way up there as more or less. I would say Kapilow States and yet we have people who believe we should tax the rich and give to the poor. Robinhood economist Ken.
- Speaker 9: 24:49 Well just one comment is that you know I don't understand why some people aren't embracing this so much more because it it actually has proven out to work because he was Tom he was Ronald Reagan's adviser right and Ronald Reagan implemented the biggest tax cuts and the revenue from the time he was in office almost doubled their tax revenues almost so iconic numbers said adviser and his OUR TAX He's a CPA.

Speaker 21:	25:10	And he's our expert there isn't Kim makes so much money Impaler a little in taxes is tax on is our future on that.
Speaker 15:	25:16	Hasn't it been proven that it works. Yeah. You know I remember I mean we all in here we remember the night early 1980s and remember we were in a stagflation. We knew that high inflation we had a bad economy. And Reagan basically pulled us out of that. And it was it was largely due. He did it through tax cuts. OK. And then in 1986 he did exactly what Laffer suggested. He said OK we're going to broaden the base. OK we're going to reduce the tax benefits to people and we're going to reduce the number of rates. He went down to two at one point and and it worked OK now had some unintended consequences including you know the savings and loans you know going down. And that's I think that's critical because the tax law really is a series of incentives and he addressed that and it is welfare for certain industries.
Speaker 15:	26:01	I mean there's welfare you know there's there's incentives for real estate there's incentives for oil and gas there is incentives for a lot of industries or incentives. They are they are so so Laffer would suggest get rid of those incentives and just lower the rates so that you don't have taxes driving you know production rather you have people driving production because they want to drive.
Speaker 9:	26:19	And one thing that makes sense to me on that OK let's say you make a lot of money let's say you make like 10 million a year you're going to you're going to spend more money. So you're going to get the taxes going to be more of a consumption tax rate it seems much more fair if you don't make as much by you're not going to spend as much when you invest.
Speaker 15:	26:31	I mean I mean the reality is is that more people don't invest. OK. It's the people who have money who invest money and it's an investment. It's actually not even just the spending the consumption but it's actually the investment that really drives the economy and the more people invest. But if you invest and the reward is nontaxable income. I mean that's why people invest I guess that's why people invest in real estate is because the income comes back on taxable. So I think the fact that that those incentives work means that the entire Laffer premise the supply side economics probably works. I mean it could increase the deficit. It could. Can it reduce the deficit. It could. You know we don't really know. But the reality is is that we all know in our hearts that if we're tax less we'll produce more.

- Speaker 19: 27:08 So once again I'm not here to change the U.S. economy or U.S. government although the corruption at the very top bar all all all all economists right now.
- Speaker 22: 27:17 I would I would just lump them all in one basket. So they're all crooks and they're you know how does a guy like Obama go into public office with no money and come out a millionaire.
- Speaker 19: 27:25 Same with Hillary. You know he asked that question kind of see a different picture. You know why other people right now politicians and I should tell you something. In the meantime that company was warm 21 years ago it was simply because what are you going to do about it. We can sit here and Jack our jaws and let's say let's say let's introduce another legislation and you know we'll change. Ain't going to happen sweetheart. And I'm afraid that we're going to out we're going to crash pretty soon. And then the truth shall rise to the surface. We cannot keep financing debt with debt. How can what you say. So the question is what are you going to do. So that's why Tom and I wrote the book why the rich are getting richer is how debt and taxes make the rich richer.
- Speaker 19: 28:03 It was written to empower you to do something. But if you're still expecting like my poor devil the government to take care of you. That's called an entitlement mentality. And I can't say anything for an entitlement mentality and the world is filled with you know every company has people. I'm an American but you're actually a communist because you want the government to take care of you. You want to run your life. Does it mean you're a bad person or are you going to be a fascist like Mussolini. I'm going to tell you how to run your life. And we're getting that pretty quickly right now. Tell us about. Well I'll tell you what the one control we do have on our lives is debt and taxes. And that's why time I wrote the book why the rich are getting richer.
- Speaker 13: 28:43 Or you can just go to school and get a job and work and expect to come to take care of you and invest in a 401k and save money. And there is going to get. You're going to get screwed. Right.
- Speaker 15: 28:52 You're absolutely right that the chances of all of this happening say if you can't and the chances of it happening in the first place are like between zero and none. Right so we're not going to get wholesale tax reform it's not going to happen. There's too many people who want they want to maintain their exemptions they want to maintain their



benefits in the tax law so that there's Social Security. I want my MTV. I want Obamacare. You know high tax states want taxes to be deductible. You know the home homebuilding Street wants home home mortgage interest would be deductible. I mean we all want our tax benefits I'm not willing to give them up for a flat rate. That's just the reality of it. And so what we have to look at is OK what tax benefits could we get. What do we have to change in order to get the tax benefits that are there in the tax law not wanting not going to Washington and trying to change Washington change Washington through others trust doing a pretty good job of that.

- Speaker 15: 29:39 Not getting for it. Exactly. The reality is you can change yourself. I mean that's I mean that's everything when we travel. That's the whole point is that you can change how you look at taxes you can change your tax rate simply by changing the things you do to the things that the government wants you to do.
- Speaker 16: 29:51 That's called financial education. So can I mean do we make a lot of money and pay minimum tax. Yes we do. But if you and I were employees could they do that.
- Speaker 9: 30:00 Not not at the level that we do. No no no no no no.
- Speaker 15: 30:04 You could invest but not at the level if all if you made all your income as an employee you just pay really high taxes.
- Speaker 17: 30:09 So all of you people out there who are educated. I have a job. I'm making a half million dollars a year in salary. I have money in the bank. I have a 401K I have an IRA. You know I'm sending my kids the best private schools you're going to host unless you change your thinking.
- Speaker 15: 30:26 Right. No question Ira for OK is a poor man's tax planning.
- Speaker 16: 30:29 And by the way Tom Kenny McElroy our real estate guy and myself also did a thing on this on the student loan debt thing and my bitches about to loan. Well the problem is it's because you're stupid why would you go and borrow the worst debt possible cause student loan debt to send your kid to school. Well if the child flunks out or can't find a job can't pay it back. So at the mess of company being magnanimous. But you'd have to change with it a thing called a rich education and that's how you can achieve education for your children for intergenerational for multigenerational. Using real estate is it. But Wall Street will never tell you that because they want you number one to be

in debt with student loan. What's the worst debt there is. This is a worldwide thing called a five to nine 529 plan. What is that.

- Speaker 15: 31:16 So if 529 plan is basically an educational Ira you put money into an IRA and have to use it for education. If you don't use it for education then you have to take it out and you have to pay tax and the penalty if you take it out and you have no control over how the money is used. Whereas
- Speaker 16: 31:29 what with these kind of what we want to talk about that the point here is is if you do what the government tells you to do which is to go to school take out a student loan and do a five to nine you're going screwed. You have to change you get change or stop complaining. That's all we're saying. No it's on the rich Web site. It's called a rich education. For those of you who have young people who are thinking about going to school I would watch that video was probably 20 minutes long. Ken. Ken McElroy Tom and I. And it gives you another point of view otherwise. Stop your complaining. So once again I want to thank Dr. Art Laffer founder of the Laffer Curve. Tom's hero because he talks about how let's not let's stop punishing people who produce and rewarding freeloaders like our politicians like Bernie Obama Hillary on those guys. It's about time we make those changes but we're not going to change them. Go change yourself. Exactly
- Speaker 15: 32:18 . And that's really what it comes down to is understanding how the tax law works and making it work for you.
- Speaker 16: 32:23 And it's also why I like Tom Tom and I were in Brazil they weren't happy with our comments. You know I said You guys are getting screwed so what wanted to just sit there and do the same thing. And that's what a lot of people want to do. They don't want to change in Paraguay as well as Argentina. And most people were happy because we showed them alternatives but they'd have to do something they'd have to do something different between go to school get a job or hard and save money and put your money in retirement account. If you don't want to do that stop your bitchin. No
- Speaker 15: 32:49 you're right. I mean it's pretty simple but it's not easy. I mean you guys worked hard on your investing. You worked hard on his investing. You know I work hard you know to reduce taxes and so it does take effort. OK and if you don't want to take any effort then use the 529 plan if you don't want anything. That's

Speaker 9:	33:02	what drives you guys crazy too and drives me crazy to it. Because that we I mean this is why we created the company to give people new alternatives and new ideas. And people just want that magic answer. No magic to save money. Easy.
Speaker 17:	33:13	They wanted easy and they have things change which is insanity. So anyway sports fans. Well I think Dr. Laffer for this part of the program his book An inquiry into the nature and causes of the wealth of states it's how taxes are killing us. But as Tom says in his book tax free wealth taxes are incentive for capitalists to do things to change how much tax they pay. Can they do that Tom. Absolutely. Every single day.
Speaker 2:	33:38	So again thank you doctor a lot from we come back. We're going to the most popular program part of a program called Ask Robert right back.
Speaker 23:	33:45	You're listening to the rich dad radio show with Robert Kiyosaki.
Speaker 18:	33:51	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 with the rich. That company helped 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 good rich dot com and look for the banner. Again this is available only for a few days so act fast get rich at dotcom and look for the how to achieve a rich mindset banner your financial education continues. Now back to Robert Kiyosaki and the rich dad radio show.
Speaker 2:	34:38	Barbecue Sakata which I read is about news about money and once again anytime anywhere on iTunes and Android and all of our programs are archived at Richland radio archive them so you can listen to them again because repetition is how we learn.
Speaker 24:	34:53	That's one reason or the reason is to share this broadcast with podcast family friends and business owners because when you share it with them you have a more better educated more open minded fans family and business

associates. Because the worst advice you know comes from rich dads. Lesson number one rich dad poor to the rich. The rich don't work for money. And when you say it to a child go to school to get a job will not work harder for money as most people don't realize money is actually an illusion of debt. And unfortunately they're working harder for debt and are criminals such as our presidents and banks and all this stuff just keep printing more money. It doesn't make sense to me. And yet when we say that people get upset. Well I'm going to do as well do something different anyway. Well thanks a lot for being here. Tom's hero Thompson group them. And we're going to go and to ask Robert. So you can submit your questions ask Robert Rich Dad first question Melissa.

- Speaker 25: 35:49 Our first question today comes from Dajuan in Los Altos. Favorite about cash flow quadrant says Robert. How are the self-employed or the quadrant different than the business owners or the B quadrant. The self-employed also get charged higher taxes than the business quadrant and the employee quadrant. Why is that.
- Speaker 24: 36:07 Well first of all for those who may not have read the book is called the cash flow quadrate is number two in their book series and many people say is the most life changing book because you know on the left side there was a and right below is as easy as one ploy. So when they go to school get a job you're an employee. And when you say well I'm going to school become a doctor a lawyer an accountant even ask watched on the right hand side where the rich operate from Mr. B. And the I am ninety nine nine nine percent of people go to school to learn to become E's and s's and they can't change their mindset and B stands for business owner and more investor I sensible professional investor not they have not fake investors in stocks bonds mutual funds and ETR which are fake assets.
- Speaker 24: 36:47 So the professional investment I quadrant invest in real assets and anything paper is a derivative which is fake. So the other part about the use of S's taxes that's why Tom is my person I go to because I'm not an accountant so Tom is a real accountant and I'm a fake accountant. So Tom what's wrong with this question tax wise.
- Speaker 15: 37:08 Well you know the big difference is how they behave and the government rewards the behavior of the big business owner and the investor because first of all they have financial statements they have documentation they have that they get audited. They do everything the way a good

business does. That's why they a big business. That's why they're successful investor. OK. The challenge with the squadron and what the government is punishing is poor behavior it's poor business behavior so you don't have an entity you operate as a sole proprietor. That's that's poor business judgment that that's poor business behavior. And the government tax you higher as a result of that. So are there simple things and can do absolutely better for them so simple. OK. Rule number one is you need to operate in an entity like a limited liability company a limited partnership or an S corporation or even a C corporation but you have to operate in an entity OK protects you legally and it also protects you tax wise.

- Speaker 15: 37:59 And number two you have to have good financial information so you need to hire a bookkeeper good financial records good financial records good documentation going to Texas and then you don't have to if you do this right. Third thing is to have a good team. OK. You have to have good bookkeeper good accountant. That means the tax adviser you have to have a good lawyer. You have to have good banker you have to exert a lot of people say oh I can't afford it I can't afford it and they end up costing it ends up costing them much much much more than they had actually considered unstring a 60 percent tax rate which is the average tax rate in the this quarter and a 20 percent tax rate in the B quadrant and 0 percent tax rate in the quarter.
- Speaker 15: 38:30 I mean is it more expensive to have a team or more expensive to pay the taxes on it. My experience is way more expensive to pay the taxes and the like Robert says. So what you do is this if you don't do that you tend to. I'm just going to cheat I'm going to cut corners. I mean do that. And then you're afraid of an IRS audit all the time that you can sleep at night. And
- Speaker 9: 38:45 that reminds me Robert of our accounting that we had years and years and years ago and we got our first bill from him and the bill was high. And we're like oh my God. And when we went to find out why this bill is way too high. And he said well you can pay me like ten thousand or you can.
- Speaker 13: 38:57 Thirty five hundred dollars. Clearly his bill is \$2500. Can you give me the thirty five. Well you pay the government 10 which when they want to do. That's not that's crystal clear. Well this is the biggest point for all of you out there who are listening to this world of change. Everybody's talking right now. Oh God change plausible train entrepreneurs I train on. But the problem is you're training to be esus self employed

people and without a team like Tom is saying that just moving into a higher tax bracket but I'm doing what I love. Well you'd better because you get to working harder and longer because you don't know anything about taxes or debt or finance. So everytime I hear these people are talking we're going to try it on Benoist program. They're training them to be as quadrant people s s s s That's for stupid.

- Speaker 13: 39:39 So anyway that's why we have the cash flow quadrant because you want to make it to the B and the ISI. You've got to have some financial education and you got to have a team like Thomas on my team. Ken is on my team Garretts on my team for the law side. But in essence we're rather cheat like every time I go into an s business they say can you pay in cash. Tom what does that mean.
- Speaker 15: 40:01 AUDIENCE that means they're trying to put it in their pocket without paying the government. I mean and when we travel the world we see that all the time we were in Russia. They talk about paying employees under the table we're in Brazil the time about paying employees under the table. Why is it they can avoid it so they can evade taxes.
- Speaker 9: 40:14 But I bought a coat in Argentina and the guy said if you can pay me in U.S. dollars part of it I can I can lower the cost for you.
- Speaker 13: 40:21 So we did it with a credit card charge you didn't want if you didn't want the card. So the point here is just to talk with ease and access most of them are criminals that are always trying to cheat the system. Right. And the Chautala trying to cheat the system. I think you play the cash flow game as they call an audit and you can't grow because if the government picks up that you're cheating them what do they do Tom.
- Speaker 15: 40:40 Well they're going to hammer you they just give you taxes penalties interest I mean jail and eventually if you if you if you're really you're really probably like a protester. You can go to prison for it. So
- Speaker 19: 40:51 it's like a really successful wasn't as on your cheating. Next stop jail do not pass go do not collect \$200. Well
- Speaker 15: 40:57 and it is stupid because if you don't have to do that. I mean it's like Kim I hear you say all the time you don't have to be big to be a professional investor you can start small.

- Speaker 21: 41:06 OK Amy Holmes a professional of us with a two bedroom one bath house right. She put her own deal in financing a management together.
- Speaker 15: 41:12 Right. And you get the same benefits. And as long as you behave like the big professional that's the same is true in business you can be a small business and not act like a small business so you can act like a big business and then you get the name of a business so you just have to behave the way that you got on that.
- Speaker 21: 41:26 Next time somebody says you have an entrepreneurial program ask them is it S or B that's what you have to ask. The trouble with an asset you're really a craftsman a craftsman is somebody who can do the job on their own. For example massage therapists they can do the massage on the road or I'm a real estate agent. I can do my job on my own on the B and the side. You cannot do your job on your own. Kim and I cannot do what we do on our own. So that's why the season has paid the highest taxes because they work for money. And so the next time you hear somebody oh we have an optional program run. Be very careful. Step back and look at their program. I think going from lower taxes to higher taxes and that's quadruple as a Muslim are doing I don't know and that's exactly that's what most programs do for sure.
- Speaker 12: 42:13 And most entrepreneur programs are they actually even taught by entrepreneurs to be teachers.
- Speaker 16: 42:21 So there's a lot to learn you guys. And that's why we're the rich get ready thank you for listening. It's great having guys like Dr. Art Laffer on here because it's not a laughing matter. Next question.
- Speaker 25: 42:31 Our next question comes from Richard in Irvine California. Favorite cash flow quadrant says Robert and Kim. I'm not a fan of the 401K either and I'm glad that you are teaching this to young people like myself. However I have not gotten to hear about your perspective on a Roth IRA. Can you please share your perspective on that.
- Speaker 21: 42:47 That's a great question and it's really a tax play. Well let me ask you this why would you put your money into a fake assets so that anything that savings are fake derivative mutual funds or fake stocks are fake bonds are fake because of manipulated and worst of all when you invest in those fake assets when this crash comes. They're the ones that get wiped out. If you're in anything that's paper or a



derivative of a real assets for example a mortgage is a derivative of real real estate. So anything that's fake as a derivative like orange juice is a derivative of an orange. And the next crash is coming maybe next week maybe in four years. Anything that's fake will be wiped out. That's why I wrote Rich does prophecy way back in 2002 and saying it's coming because so many people were afraid of the stock market. They created a Roth IRA as a tax incentive. So you think you're getting a tax break. So if you want a tax break that's for the Roth IRA. That's correct.

- Speaker 15: 43:46 Well that's true and certainly in my mind a Roth IRA is better than a regular IRA or regular for an K-Rock Roth one because it's a permanent tax savings it's not just deferring or postponing to a later year. The challenge is is that you're still restricted by the government in what you do what you invest in. You know can you borrow money against it. Everything you do is so restricted. You're under government control.
- Speaker 13: 44:05 So you know the only reason people like that though Tom is called S&M bondage. They like it sadomasochistic bondage. They love that stuff.
- Speaker 9: 44:14 OK. Let me let me ask because I get this a lot of people say Oh I'm I'm going to buy real estate in my IRA I'll buy a real estate in my Roth IRA.
- Speaker 15: 44:21 Do not do it because. Because you lose the opportunity to borrow. OK. You're restricting a bank you can't guarantee that loan. So the bank won't lend you very much money. And the the whole benefit of real estate is that OK and you lose all your tax on effects of it. OK. So yes you're not going to pay any tax but you're also not going to get all of the tax benefits from depreciation. So you lose you lose all of the benefits of real estate by putting it into an IRA.
- Speaker 21: 44:47 But don't let other people tell you to withdraw from are ran by real estate.
- Speaker 15: 44:51 You know if you're going to buy real estate and you and your only money is in an IRA then you want to sit down with your tax returns. Would it make more sense for me to pull the money out pay the taxes and penalties and most of the time that's going to be the answer.
- Speaker 21: 45:01 But I've heard people actually invest through the IRA into real estate that is the worst that.

Speaker 15:	45:07	Horrible horrible horrible horrible you lose tax benefits you lose their benefits you lose really all the good stuff about real estate.
Speaker 16:	45:13	So that's why ladies and gentlemen be careful how you take advice from these fake accountants and those real accounts. And that's the new name of the Rechte company what's real and less fake. And most people are taking financial advice from fake people. So without that doctor laughs I again. And you can submit your questions to ask Robert at Rich Dad radio. Tom thank Tom and thank him and I trust. Thank you all for listening. Trust with open up your brains a little bit and ask yourself what's real and what's funny. Thank you very much. Do
Speaker 20:	45:42	you own an LLC or LP. Are you aware of the new rules the IRS has mandated new audit rules that require every LLC operating agreement an LP limited partnership agreement be amended. This dramatic requirement has never before been experienced and changes must be made by December 30 first corporate direct owned by rich dad adviser Garrett Sutton can guide you through these new rules. Call. Eight hundred six hundred seventeen sixty. That's eight hundred six hundred seventeen sixty. Or visit corporate direct dot com. Contact corporate direct today to stay in IRS compliance.