

Podcast Episode 1: My husband doesn't trust me to run our business

Synopsis: Alyssa and Ilan have been in a relationship since 2007 and, for the most part, they're now happily married.

When the coronavirus pandemic hit, they both lost their jobs but were quick to jump into new ways of making a living. Alyssa tried her hand at babysitting, while Ilan took a nightmare job for a roofing company. Alyssa started selling baked goods on Facebook and the demand for her work took them both by surprise.

A self-proclaimed "natural born entrepreneur," Ilan grabbed the opportunity by its horns and set about using the business framework Alyssa had started to sell his famous baklava, made using a prized family recipe. The two of them worked together to launch the company which is now so successful that it pays both of their income.

In theory, Alyssa runs their business day to day, overseeing the baklava production and manning their stalls at five farmers' markets a week – or at least she'd like to. Every time a company decision must be made, Ilan puts his foot down and prevents Alyssa from making it. They can't agree on the boxes they sell the baklava in, and most importantly now that the company is expanding beyond Alyssa's capacity to create baklava alone, they can't agree on hiring staff to assist Alyssa with production.

And that's not all! Ilan sees himself as a bigger-picture guy, but he's still supposed to man one of those five weekly stalls. However, thanks to a newfound obsession with crypto, he never turned up to the last one. He may have seen more opportunity in the digital market than at the farmers' market, but it means that Alyssa can't even rely on him to help with the small stuff anymore.

Either Ilan must let Alyssa take more responsibility for the business or he must remain more involved himself. On paper, it may seem like they're trying to overcome a money problem, but I Will Teach You to Be Rich goes deeper than that and this episode is all about communication. It's the bedrock of any good relationship, professional or romantic (in this case, both).

Our communication is something we can all always improve upon, so there are countless insights and takeaways to glean here. No matter how well you think you know your other half, hearing Alyssa and Ilan's breakthroughs might lead you to some of your own.

Podcast Transcript:

Ramit Sethi: This is the I Will Teach You to Be Rich podcast. And I'm your host, Ramit Sethi. Now, I've always been fascinated with money and psychology. I remember writing about money while I was a student at Stanford, studying technology and psychology there, and loving talking to my friends about money. So many of us claim that certain things are important to us, and yet our behavior doesn't match up to it.

Think about it. There's money. Yeah, I know, I should save more. There's flossing. Yeah, I know I should floss more. There's calling our parents or going to the gym. There are so many things in our lives that are genuinely important to us; and yet, we find it difficult to do.

And I know what it's like. Growing up, I would joke that I was just a skinny Indian guy. I would look around and I would see a bunch of people who looked fit. They seemed to stay fit and put on muscle effortlessly; I just felt like I was on the outside. Like everybody had read a book about getting fit, and I was absent that day at school. And it took me many years of getting help, hiring trainers, and reading books to finally figure out what other people seem to effortlessly know. And I think a lot of us feel like that about money like we were absent the day that everyone else seemed to learn it. So, I'm fascinated with money psychology, and I'm also fascinated with how it plays out in relationships.

Part of this is inspired by my relationship. When I was dating my now wife and we got married, we went through a lot of difficult conversations to be able to get on the same page about money. And so, I started talking to other couples. I talked to friends, I talked to readers, and you will not believe some of the stories that I heard. We have couples that have vastly different spending styles – couples where one person earns a hundred times what the other does, and in almost every couple, they grew up with totally different philosophies on money.

And I thought to myself, when was the last time any of us had the chance to listen to a real couple sharing real stories about their money problems and a conversation where they shared real numbers also? And

the answer is never. Most of us have these conversations – sometimes, fights with our partner – but we never get the chance to sit in a room like a fly on the wall and listen to other couples talk about their money problems. Well, that's what I wanted to bring you on this podcast in the hopes that it can inspire you and maybe help you with your money psychology as well.

Alyssa and Ilan are like so many of the couples that I'll speak to on this podcast. They come to me for a very specific money problem, usually a really specific type of fight that they've been having constantly. But as I ask them questions and unpeel the layers of their relationship, together, we'll discover that it's not about the financial question they originally came with. There are almost always much deeper issues. Now, Alyssa and Ilan have been in a relationship since 2007. They're now married, and they're co-founders of a baklava company. The business is doing well, really well, except for one thing: they just can't seem to agree on almost anything. Now, that's where I come in. I've got a couple of ideas, but first, I need to ask them some questions to figure out what's going on.

Alyssa: It wasn't a discussion, it was just like, he's going to do it, but I also don't feel comfortable with you just doing whatever you want with it since we're in a relationship together and our finances are shared. I was scared. I got in a fearful mindset. I was afraid he would lose our money, and make mistakes with the money, even though all he wants is to make as much money as possible.

Ramit Sethi: You're listening to I Will Teach You To Be Rich.

Alyssa and Ilan are struggling to see eye to eye. They both lost their jobs because of the pandemic.

Alyssa: Luckily, we both are entrepreneurial. And I started babysitting; Ilan tried a horrible job roofing. We don't speak about that. I mean, we weren't going to think. So, I started selling basic goods on Facebook, and Ilan saw that I was getting really busy, and he said, "There could be a business opportunity on this. Let's make my famous baklava," and the sales exploded.

Ramit Sethi: A lot of us believe that one magical day when we have a million dollars or a successful business, all of our financial problems will vanish. Guess what? That never, ever happens. If you want a million dollars tomorrow, would you know exactly how to spend it? Would you know how to change your money attitude? Would they just magically transform overnight? Of course not. These are skills that we learn over time. Now, Alyssa and Ilan quickly realize that they don't have those skills. And with this new business, it's starting to cause serious issues.

Alyssa: I'm doing the baklava now. He was still helping, but I was getting — I had way too much on my shoulder. I couldn't manage it. We bake it, and then I go to the farmer's market, I set up a canopy, we call over every single person, we offer them a sample, it's a super interactive and tiring way of working. Then, you tear it down at the end of the day and do it all over again. So, I felt like I couldn't handle this level of work and I also was having a hard time because he was putting so much time into the crypto.

Ramit Sethi: Wait a second. What's this about crypto?

Alyssa: He said, "I'm going to do this cryptocurrency thing." And it wasn't a discussion. It was just like he is going to do it, but I also don't feel comfortable with you just doing whatever you want with it since we're in a relationship together and, financially, our finances are shared. I was scared. I got in a fearful mindset. I was afraid he would lose our money, and make mistakes with the money, even though all he wants is to make as much money as possible.

Ramit Sethi: Okay. Did you catch all those red flags? No discussion, don't feel comfortable, scared he would lose our money. These are all clues I'm listening to, I'm hearing them, and I'm filing them away because I suspect these are clues that give us a hint as to what's going on. Alright. Let's keep going.

Alyssa: There were times when he was supposed to do a market, and some exciting thing happened on the crypto, he saw an opportunity to make a bunch of money and he just didn't go to the market. And for me, because the markets are so important to me because it's a new business that I care about, I just felt like, how can I rely on him? He's just doing the crypto. He doesn't care about—

Ilan: I thought-

Alyssa: This is my — this is my experience. I felt let down. Ilan's top priority is making money. End of story. If he sees something that can make more money, he's going to go for it. So, we don't see eye to eye because I see the baklava business as a baby that we're growing, and I care about it, and I care about our image and our reputation, and about fulfilling our commitments.

Ramit Sethi: Okay. On a scale of one to 10, how sure are you that that's exactly what he's going to say?

Alyssa: Nine.

Ramit Sethi: What surprised you about what Alyssa just said?

Ilan: Nothing much. I know her reaction, I know how she is. She thinks in a certain way, okay? And Alyssa's nature is, let's say, inside the box, and my nature is to think outside the box. So, when you think outside the box, you find a definition for inside the box. That's my life experience.

Ramit Sethi: Okay. This is red flag central. My alarm bells are ringing. I mean, can you believe Ilan is talking to me about his wife as if she isn't even there? Now, what I wanted to do was to get back on track and talk about their business.

Ilan: The startup was the idea of how to create a product that we don't have to work for so many hours, so I came up with a solution of how to sell a good product that has a nice markup. And then, basically, we don't have to work as hard. So, once we did that and we stabilized it together, by the way, the difference between us is that I've been an entrepreneur from a very young age, and most of her life, she's not an entrepreneur, she is an employee.

So, I know more about how to think as an entrepreneur, how to grow a business, and how to invest. And again, one investment is going to another one. And I'm not afraid to do that because my life experience taught me that when you make a mistake, a good mistake because you learn from it, and then you learn basically how to make a profit, how to not make that mistake. The same goes for profits. So, you're not going to make or you're going to lose at the beginning, but it's going to teach you in the future how to not make that mistake again, and then make a profit.

Ramit Sethi: Let me just jump in here for a second and remind you who Ilan is lecturing. I've started multiple businesses. I've employed lots and lots of people. I run a business that reaches over a million readers a month. I mean, I appreciate the business lecture, but I didn't come here to be lectured to by Ilan. And if he's being like this with me, I hate to think what he does when he's communicating with Alyssa.

Ilan: For her to understand it, it was very hard, and we had a lot of collisions and a lot of fights over that. So, my motto is basically to dare and to endure. Dare and you conquer, because if you don't dare and you stay basically in that safe place, you're not going to get anything.

Ramit Sethi: I have a real problem in my life. It's called the Indian auntie face. Now, if you've ever talked to an Indian auntie, and you've said something that she doesn't like — for example, that you love to drink or you don't care if you get a C-minus in school — she will be physically unable to contain the look of judgment and disgust on her face. Unfortunately, I have this problem too. So, right now, as I'm being lectured to by Ilan about dreaming to dare, my face looks like I just ate a combination of three onions and a glass of lemon juice. I need to change this subject right now.

How big of an issue do you think that this, what we are talking about, is on a scale of one to 10?

Ilan: Oh, wow, this, I would say even eight to nine. Sometimes, even 10.

Ramit Sethi: Wow, okay. Alyssa, what about you? One to 10?

Alyssa: An eight.

Ramit Sethi: Wow.

Alyssa: I'm pretty sure that it is, yeah.

Ramit Sethi: Wow. Okay. So, you're both pretty aligned that this is a real and serious issue.

Alyssa: Mm-hmm.

Ilan: Yeah, but the thing is when she asked me to see eye to eye, I found the way to be. But when I tell her, "You know what, why don't you put yourself in my shoes?" Sometimes, I understand it is too big for her.

Ramit Sethi: That it's too?

Ilan: The shoes are too big for her.

Ramit Sethi: This was honestly really hard to listen to. It was hard for me, and I'm new to this relationship. I can only imagine how difficult it is for Alyssa to have to listen to these kinds of comments. There's not a mutual respect in this relationship for each other.

So, let's recap. Alyssa believes that the problem is really about Ilan being reckless and inconsiderate. Ilan believes this is about Alyssa not being cut out for entrepreneurship. I think it's deeper than that. What do you think is going on? I have a suspicion. Let's listen a little bit more to see if I'm right.

So, Ilan, what about the fact that you were going to go to show up and sell the baklava, and then you decided not to go to that market?

Ilan: Okay. So, the thing is that the market with crypto was very busy and I saw an opportunity.

Ramit Sethi: And what do you think Alyssa was thinking when she expected you to go there and you didn't?

Ilan: Well, she was extremely disappointed.

Ramit Sethi: Why?

Ilan: Because she's thinking that I'm neglecting the business, but the way that I see it is to create a cash flow. So, I know that if I'm going to lose a day of work over here, and I can do triple or four times the amount of work on my computer, then I'd rather work on my computer because, eventually, we have a common goal. When I have a vision – and sometimes, it's a big vision – I know it makes her scared. She gets afraid.

Alyssa: Yeah, it makes me nervous.

Ramit Sethi: Tell me more.

Alyssa: Well, I never imagined having such a big life. I grew up in a family that had enough money to travel two weeks a year, I went to college, and I always had everything I needed. And so, I never thought that I needed more. Ilan grew up in a poor home and suffered, and he doesn't ever want his kids to live like he did. And he has a big personality and big dreams, and that's okay. And I'm getting more-

Ramit Sethi: Just stick to yourself. I want to know more about you.

Alyssa: Okay. Okay.

Ramit Sethi: One thing I noticed is that you both love to talk about what the other person does, thinks, or wants, and you don't talk about yourself at all. Have you noticed that?

Alyssa: Yeah. Now that you mentioned it, yeah.

Ramit Sethi: Yeah. And I would say that maybe 80% of the time, you're right, but 20% of the time, you're way off, and both of you believe that you know the other person better than you do.

Alyssa: Right.

Ramit Sethi: Okay. So, stay on your own story.

Alyssa: Okay.

Ramit Sethi: You grew up, you had a fine life.

Alyssa: Yeah.

Ramit Sethi: You never imagined that you would, what?

Alyssa: I never imagined having an extravagant life. Like I always imagined just having basic stuff. And for me, basic means a decent home and a decent car, like a 1500-square-foot house. It's just not until recently that I started thinking, "Oh, you know, it would be nice to have more and it would be nice to not work as hard," because I'm working, I'm giving everything I have right now.

Ramit Sethi: What made you start slightly changing your thinking?

Alyssa: Well, it was a combination of Ilan, and not to stroke your ego, but I read all your stuff and took your course on wealth triggers, which is like blowing my mind. Sometimes, when you hear something from your partner, it's harder to receive it. But when you hear it from your partner plus someone else who knows what they're talking about, you start thinking, maybe I can want that.

I think I would never feel comfortable to want in my life if we're getting authentic here. I grew up with an alcoholic father whose kind of needs were always the most important needs of the family, and we had to kind of work around what he wanted. And he's always been in recovery, but this doesn't change what happens in the mind.

Ramit Sethi: Yes. Now, we're getting somewhere. First of all, I want to acknowledge how much courage it took for Alyssa to share that personal information with us. And I feel really honored that she felt safe and she felt comfortable enough to share that right here.

I also want to point out that it's okay to want more. Yes, you have my permission. Wanting a life of more is one of the classic tenets of I Will Teach You To Be Rich. So, I'm thrilled to hear that Alyssa has realized she wants more. But even though we just made that big realization, there's still more to unpack here. We're talking about rewriting years and years of conditioning, conditioning that told Alyssa that she should just be happy with what she's got. You can't change that mindset overnight just by flipping a switch.

Alyssa: I grew up accepting what came to me. I think that's where it comes down to. So, it wasn't until recently that I said, "You know what, I'm allowed to want," but then that's another step to be like, "How do I want?"

Ramit Sethi: We're starting to understand Alyssa on a much deeper level. I was curious what Ilan thought of hearing this.

Ilan, have you ever heard Alyssa talk about this?

Ilan: No. Refreshing, because I know whenever you are afraid of doing something, or getting out of your comfort zone, it comes from something in the past, something that you experienced before.

Ramit Sethi: Okay. But tell me about how you feel hearing this, not how other people feel. Tell me about how you feel hearing your wife just share things she's never shared before.

Ilan: That made me feel really, really good.

Alyssa: Oh, well, I'm happy.

Ilan: Yeah.

Alyssa: I don't understand why it makes you feel good, though.

Ilan: Right now, we finally understand where it's coming from.

Ramit Sethi: Honestly, it's amazing to watch this happen. I can tell that the both of you love each other, you know. There's a lot of respect in the way that even your body language is, and you're both game to come here and speak to each other in a way that I can tell you haven't before. Alyssa, there are so many things that you just shared with both of us that are crying out to be explored. But Ilan, if you're hearing these things from your wife, are there any things that make you curious or surprised?

Ilan: I would like to know, what are you so afraid of? Where is this fear coming from? Everything that I endured in my life was because of fear, and fear is not something — you are born with only two fears, a fear of falling and a fear of sudden sound.

Ramit Sethi: Alright, guys. This is where I did something that I wish I hadn't. I got so irritated with yet another one of Ilan's lectures, especially after Alyssa was so open and honest with both of us, that I got so irritated, I just cut him off. And I wish I hadn't done this. I don't think it was professional. But I wanted to keep it in the episode, so you know exactly what happened.
Wait, wait, wait, wait a minute. Wait a minute. Wait a minute.

Ilan: Just a second.

Ramit Sethi: So, are you supposed to-

Alyssa: Are you heading to this question or are you-

Ramit Sethi: No, no, no, no. You were supposed to ask her about how she was incredibly open, and within five seconds, you turned it into a lecture about the fears that a baby is born with. Now, Ilan, it's funny, but do you see-

Ilan: Okay.

Ramit Sethi: ... why maybe she finds it difficult to be open because the minute that she is, what does she typically receive from you? A lecture.

Ilan: Yeah.

Ramit Sethi: Try it again. And this time, get curious about your life partner who just revealed something you've never heard, do you maybe want to dig in and ask her a question?

Ilan: What would you like me to do better, so you won't be so afraid of my goals?

Alyssa: What do I want you to do? What do I need from you, so that I can allow you to reach your goals? Is that the question?

Ilan: Yeah, yeah. How can I make it more convenient for you, more comfortable, so you will be more at ease?

Alyssa: With your goals?

Ilan: Yes.

Ramit Sethi: I asked Ilan to ask a question. Ilan's question is, how can I help you achieve my goals better?

Alyssa: I know.

Ramit Sethi: Why are you talking about your own goals?

Alyssa: I know.

Ramit Sethi: And then, Alyssa, you accepted his question. You were about to indulge his fantasy about his goals. We're talking about your alcoholic dad; and now, it's about his goals. Where did this come from?

Ilan: You're right. I was thinking about my goals. I'm so spoken about my goals. Sometimes, I'm blinded to other people's needs.

Ramit Sethi: Now, remember that Ilan and Alyssa originally came to me wanting business advice about baklava, but we've discovered that the real issue is so much deeper. Think about your own life. Do you have a certain thing that you and your partner constantly disagree about, maybe even fight about? It might be who loads the dishwasher or one of you spends too much on clothes. But if you go five levels deeper, if you treat it like a scientist, like an investigator, trying to find out what's going on, what do you think the real issue is? Well, the problem here is simple, communication, but Ilan won't listen to Alyssa long enough to learn what's going on.

Alyssa, Ilan is having a tough time asking a curiosity-based question. So, as his partner, help him out. What question do you think he might ask that would allow you to open up a little bit more and talk more about the stuff you just shared?

Alyssa: How can I support you on that journey?

Ilan: So, I will ask you more often, what can I do for you? And-

Alyssa: Well, you can ask me now.

Ilan: What can I do to make you more curious or make you more enthusiastic about the goals that I'm thinking about? Wait a minute. Wait, wait, wait, wait, wait, wait, wait.

Alyssa: Oh, my God, Ramit.

Ilan: There's probably a language barrier.

Alyssa: Ilan, it's — No, there's not. It's still about you.

Ilan: Okay. No.

Ramit Sethi: Ilan, your English is fantastic. The problem is not English.

Ilan: No, no.

Alyssa: I would like you to ask me-

Ilan: Okay.

Alyssa: ... How can I support you in your journey to learning how to want?

Ilan: Oh, okay. So, how can I support you on your journey to how to want?

Alyssa: Well, I can tell you how.

Ilan: Okay.

Alyssa: I would like to have your support for me to make more decisions based around our baklava business because I am not going to sabotage our business, I'm going to make sure that we maintain a great profit and a great markup, but I have a lot of experience and I want a better future for us. I know I trust my decision-making in the business, but I need your support to let me explore what I can do with it because right now, I don't feel supported in making little changes, like branding the boxes, making banners, and making decisions.

Ilan: Oh! So, finally, we've got to something that we haven't argued about. I agree with what you said. Okay. I want you to dare more because owning the business, not only doing the same thing constantly all over and over again. It's not like being an employee. You always have to reinvent and use your imagination to make the business look better.

Ramit Sethi: No! Ilan, you had it. We just got to the point where you were able to ask Alyssa a real question about herself. That was fantastic. The two of you agreed that you both want Alyssa to have more control over the baklava business. Amazing. And then, you followed up with another Ilan Ted Talk.

Ilan: Okay. What is it that you want to do that you feel that I'm depriving you of?

Alyssa: I want you to trust me in making decisions with our business because I make really good decisions.

Ilan: So, I trust you. Okay. You need to do whatever you need to do to make yourself feel better. And when I see the results that they are bearing fruit, I won't even comment. So, I would like you to do what you think that it's right.

Alyssa: Did you understand the part where I explained my decision-making process?

Ilan: What do you mean, your decision-making process?

Alyssa: Well, I make good decisions because of my education, life experience, and my thoughtfulness to everybody's needs.

Ramit Sethi: Ilan, that was the first time today I've heard you ask a legitimate question to her. You said, "What do you mean?" You just said that and I had a huge smile on my face as you said that, and you two connected.

Alyssa: Right.

Ramit Sethi: You were legitimately curious, no, what do you mean, decision-making process? That's a great question. And Alyssa, I could hear it in your voice. What did you feel when you heard that question from Ilan?

Alyssa: I felt hopeful.

Ramit Sethi: And that, to me, was the best moment so far. And that was hard to get to. And honestly, it seems so simple, doesn't it that the fact that you said, what do you mean, decision making? Like what's the big deal? But that was, imagine you're climbing up a hill, you just made it to the first peak of the mountain.

Okay. So, this is fantastic, this agreement that they've made is a breakthrough. But right now, it's just words. What I want to do is practice something I call failure expectation. And this is expecting to fail, trying to break the agreement right now while we're in this safe space to predict what might go wrong, and practice so that we're prepared for what can happen in the future. I'm going to try to run them through an actual disagreement they've had and let's watch how they handle it.

You can both be successful as business partners. You can. I believe that. I can see glimmers of it. But you can't do it the way you've been doing it, because you look down on each other, you scoff at each other, you don't respect each other for the mutual skill set that you bring. So, you have a couple of options. One, you can stop partnering up in business. That is probably the cleanest and most obvious solution.

Alyssa: That's what I'm trying to achieve.

Ilan: Not partners?

Alyssa: Yeah.

Ilan: Okay.

Ramit Sethi: Okay. We'll talk about that. So, go ahead. Tell him. It seems like that was a surprise to Ilan.

Ilan: No. What I thought was that each one of us was going to have a part and going to have to do that part. Okay. And that's what I said at the beginning. When she struggled with her part, then all things started to get complicated.

Ramit Sethi: Mm-hmm. And what about when you struggle with your part?

Ilan: I barely do. Rarely.

Ramit Sethi: You didn't show up to the market, that's struggling.

Ilan: No. Okay. My part of the business is the background part, purchasing and making mixes. I'm helping as much as I can. But what I do also takes so much energy for me that managing both of the worlds, like sometimes, you can come to a point where you can just collapse off too much, okay?

Alyssa: So, earlier, you said that there's crypto and there's baklava, and we each do our part in each. But the truth is, I have no part in the crypto, whatsoever.

Ilan: Okay.

Alyssa: And it takes up almost all of your time, morning and night. That's when I proposed to hire someone to help in the kitchen, that it can relieve — it would be good for everybody to have someone help me in the kitchen because it's a weight off of your shoulders. So, I want to take over the baklava because I want to practice developing something on my own, being more daring, and trusting myself. It also allows you to focus on what you want to do.

I think our relationship would be healthier and our business would be healthier, but I would never say that that is not your business. We're in it together. We created it together. It's your business, but it's just, in my opinion, a better way to accomplish our goals and move forward in the future because right now, we're just bouncing things back and forth, and not going anywhere. That's not addressing what I want and need, which is, as we discussed, a big issue. I need more help.

Ilan: Okay. So, this matter versus me, Ramit, I will now share it with you. So, when she came up with this idea, I told her, no problem. But she wants to hire a professional pastry chef, and I'm not willing. But if you can bring someone who is not a professional chef to the kitchen and help you with the preparation, I don't have a problem with that.

Alyssa: So, we-

Ilan: You will need — Wait a minute. It will be cheaper manpower.

Alyssa: I understand, Ilan, and we discussed that, and I agreed not to hire that particular person. However, I would like to hire someone else and pay them less than her professional fee.

Ilan: I did say okay.

Ramit Sethi: So, okay. So-

Ilan: I don't have a problem with that.

Ramit Sethi: Whoa, whoa, whoa. Back up. Ilan has already told Alyssa that this is fine. Now, up until now, he's been the main focus of my energy on this episode, but it sounds like maybe that hasn't been completely fair. You know, you've heard that phrase, communication is a two-way street. And if Alyssa and Ilan are having this conversation over and over, and she's not acting on the outcome, then maybe it's no wonder he's becoming frustrated. Let's figure out what's going on here.
Are you both in agreement on that?

Ilan: I always agree. I don't know how, suddenly, it became a problem again.

Ramit Sethi: Ilan and Alyssa love to talk about each other as if they know exactly what the other person is thinking. This is common in couples, especially in long-term relationships. The problem is that it's clear that they often don't know what the other person is thinking. And that's when you get mistaken assumptions.

Alyssa, is that your understanding that Ilan agreed to what you want to do with the chef?

Alyssa: We did agree, and I was nervous that you would change your mind because we had a huge fight over it before. So, it's a sensitive topic, but am I understanding that I have your support?

Ramit Sethi: Okay. This is super interesting. Alyssa and Ilan solved the problem, and then Alyssa reset that problem back to square one. She got the go-ahead. She got an agreement with Ilan. And instead of pushing forward, she buried her head in the sand and pretended that it hadn't happened. So, we may have just uncovered a major cause of their problems. But I think the lecturing is still a bit of an issue here. Let's keep pushing forward.

Ilan: Another person, because I said it. I said, as long as that person is not professional because first of all, he's going to ask to be paid over the top, more expensive than everybody else, double or triple per hour.

Ramit Sethi: Ilan, lock in the win. Lock in the win, my man. You're about to go into lecture land, which nobody wants to hear, including you.

Ilan: Okay, okay, okay.

Ramit Sethi: Say to her, Alyssa, I love you. Yes, we agree. I want to support you. Let's do it. Instead, blah, blah, blah, blah, blah, blah. Why? What do you get out of it, Ilan?

Ilan: Oh my God.

Ramit Sethi: So, let's try that one part again. Go ahead.

Ilan: Whatever you need to do, just do it. Okay?

Alyssa: So, you trust me to make decisions?

Ilan: Yes.

Alyssa: Thank you.

Ilan: Love you.

Alyssa: It feels good to be heard.

Ramit Sethi: This was a special moment. Sometimes, all we need is to feel heard, for someone to listen to us. And so many of us go through life without anyone really, truly listening to us, without anyone asking us things like, "What do you mean? Hey, can you tell me more about that? I'd love to hear your thoughts on that."

I remember having a customer service problem with this very large company, and I wasn't treated very well by one of the employees. And I was so frustrated that I emailed the CEO of the company, and told him, "Hey, I don't want to leave a negative Yelp review for you, but as a business owner, I'm guessing that you want to know how your employees are treating your prospects." He wrote me back in five minutes by email. He apologized to me. He offered to call me right away. We got on the phone. And he simply said, "I'm so sorry for your experience with my company. Can you tell me what happened?" So, for the next 10 minutes, I vented to him and told him what had happened. And at the end, he apologized, he listened and he told me he'd look into it. And one final thing he said, "If you ever need one of our products again, please email me directly." I felt so good. I just wanted to be listened to. And that's exactly what Alyssa is experiencing for maybe the first time in their relationship.

Now, I want to talk, Alyssa, because this isn't pick-on-Ilan day. There's a couple of things that I-

Alyssa: Right.

Ramit Sethi: ... I want to focus. So, it seems like Ilan had initially agreed to this chef thing, but then as you pointed out, you got too nervous. And so, what did you do? It seems like you let it fester, started spinning, and then brought up the whole argument again. Is that an accurate representation of what happened?

Alyssa: Yes.

Ramit Sethi: How do you think Ilan feels when you do that?

Alyssa: Super frustrated.

Ramit Sethi: Why?

Alyssa: Well, why do I need to keep repeating myself?

Ramit Sethi: And I imagine that must be a little frustrating for you, Ilan.

Ilan: Yes.

Ramit Sethi: Yes. Okay. So, Alyssa, what do you think you could do differently? If Ilan agrees, "Hey, get the less expensive chef," what should you do?

Alyssa: Get the less expensive chef.

Ramit Sethi: Yeah, just go for it. He said, "I agree," so done. In his mind, I think, he said, "Look, we talked about this like two months ago, two weeks ago. Like, go. Why are we talking about this again? We are stuck talking about this. Meanwhile, I want to be over here."

Alyssa: Yeah.

Ramit Sethi: And so, when he says, "Be bold," this is one example, right?

Alyssa: Yeah.

Ramit Sethi: You made a decision. Let's not talk about it again. Let's go.

Alyssa: So, I'm aware. I'm aware that I haven't acted on that despite agreeing. It seems very strange to me and I think I'm afraid that he'll change his mind. And then-

Ramit Sethi: And if he changes his mind, what happens?

Alyssa: Then, I have to battle my way back to it, try and win another argument, which takes so much energy.

Ramit Sethi: And then, what happens?

Alyssa: It's just a long process. I have to prove myself and, you know, really vouch for myself. And it's just really — the communication is hard.

Ramit Sethi: I think the key word there was afraid. This brings us full circle back to the beginning of the episode. Do you remember what Alyssa said? She said, "It makes me feel nervous to imagine having such a big life." Alyssa's upbringing has made her so scared, so nervous to dream big, and so uncomfortable around money that it's actively paralyzing her ability to run her business.

Alyssa: I'm so grateful that you and Ramit are connecting because it helped me realize part of the reason why I haven't been acting as if I'm like a little bird, and you're telling me how to fly, I'm a little freaked out. I've got some great ideas, I see some places I really, really want to check out, but I can't jump out of the nest unless I know that you've got my back.

Ramit Sethi: Now, if the two of them had been told at the beginning of this episode, that we need to work on communication, they never would have listened. It's important to meet people where they are. They

wanted to talk about baklava and finances, great. That's where we started. But ultimately, we will almost always peel those layers into something much, much deeper.

Ilan: I realize that I hurt you by not supporting you, okay? I wanted to listen more to you.

Ramit Sethi: Did you catch that? Ilan says he's realized he's hurt Alyssa by not supporting her, and he wants to listen more to what she wants.

Alyssa: Thank you. That's all I ever wanted. I am willing to support you on your journey because I know you — now that we have a clear vision, I know that both of us will be considered in moving forward.

Ramit Sethi: Will this last? I don't know. Alyssa and Ilan have a lot of work to do, but they've tasted what it feels like to be aligned. And they've learned a few new skills today on how to talk to each other, and how to ask curiosity-based questions. This may be a flash in the pan, and they go right back to their old patterns tomorrow, but I hope that it can be the start of a new way of relating to each other about money, business, and their relationship overall.

If you've enjoyed this episode, please follow or subscribe to I Will Teach You To Be Rich on any podcast platform, and you'll get notified each time we drop a new episode. And if you've enjoyed what you've heard so far, rate and review us too. I would love to have your rating. And we're just starting, so those reviews and ratings will help. Thank you.

Podcast Episode 2: We're worth over \$1 million, but we're so cheap, our friends don't want to see us anymore

Synopsis: Ashley and Greg have a household income of over \$250,000 and a net worth of over one million dollars. They're rich but they don't seem to know it.

They've developed a reputation for being cheapskates. Not only do their friends and family say that they're cheap, but their friends have started avoiding them because of it. They complain when friends invite them to expensive restaurants, when family members ask them to contribute to gifts, and, recently after a friend invited them on a trip for their bachelorette party. That would be one thing, but they spend \$20,000 annually on vacations and a whopping \$24,000 on groceries – and their friends know it.

Neither Ashley nor Greg thinks that they're cheap, but one of my rules is that if your friends and family say that you're cheap, then you *are* cheap. And not only that but Ashley and Greg don't hesitate to call each other cheap – they just won't admit it about themselves!

So what's the problem here? We can do what we want with our money, right? Ashley and Greg's money dials are focused on food and travel – the things they care about. What's wrong with that?

Well, their friends have started to avoid them because of it. And it's causing family arguments. Worse than that, the fact that they're so unaligned with each other's spending is causing a serious rift in their relationship.

And the worst part of all this is that there doesn't need to be a problem! This conflict doesn't stem from people trying to get Ashley and Greg to overspend. Ashley and Greg make a lot of money and they refuse to use it! We're about to discover that cheapness and net worth are not correlated whatsoever.

Greg is on track to retire early as a multimillionaire, yet he spends his time driving to multiple stores to find the cheapest place to buy berries, returns Ashley's gifts, and never orders wine in restaurants to save money.

There's more to *I Will Teach You to Be Rich* than simply how to make money. You need to know how to live a Rich Life. It's great to work hard and earn a lot of money, but the psychology of frugality – even austerity – can follow you around forever if you don't work to break it.

I can fix a lot of things, but I can't fix cheap people. Cheapness is a deep-rooted, psychological problem that usually stems from early on in life. I'm going to do the best that I can to take Ashley and Greg back to the cause of their way of thinking and to understand these issues on a whole new level, but the real change in this episode is going to come from within. Ashley and Greg are about to learn that money is meant to fuel your Rich Life – not to merely be saved for someday in the future. Listen in as they describe their anxiety around spending money.

Podcast Transcript:

Ramit Sethi: My guests today are Ashley and Greg, and they have a household income of over \$250,000, and a substantial net worth, but what happens when only one person in a relationship wants to spend money and the other is an aggressive or even obsessive saver? Would your family say that you are cheap?

Ashley: Yes.

Greg: Yeah.

Ramit Sethi: What about friends?

Ashley: Yes.

Greg: Some. I don't think all of them.

Ashley: Yeah.

Ramit Sethi: You want to know something, you're cheap. If your friends and family would say it, you are cheap. It's one thing to be careful with your money, but being cheap is different. It puts a strain on relationships. It shapes and changes your identity. And you end up hoarding money with no purpose, whatsoever.

Ashley: Why do you return all the gifts that I buy you, because you don't want me to spend money?

Greg: I don't like the gifts.

Ramit Sethi: And the real issue that we're going to discuss today is not about money, it's much deeper, and we're going to figure out what's going on here. Do you two want to ask each other anything or share how you're feeling?

Greg: No.

Ramit Sethi: Today's couple is Ashley and Greg. Ashley reached out to me because there's a serious problem in their relationship, the way that they view their finances is creating a rift between them and it's threatening to tear them apart.

Ashley: There have been times where our friends want to go out for dinner, and we don't go, and then we stop getting invited, or like we're particular about where we want to go, they'll pick expensive places, and we say, okay, pick something cheaper. And then, I feel like it's just a problem for them.

Ramit Sethi: You think you are a cheapskate?

Ashley: There are some things that I'm willing to spend money on, but not Greg. He's a cheapskate.

Ramit Sethi: Okay. First of all, when you ask people if they're cheap, they will never, ever admit it. But usually, in the next sentence, they'll tell you everything you need to know. Oh, no, no, no, I'm not cheap, I just prefer to find old food outside the back of a dumpster, because it's a great value, but no, no, no, I'm not cheap. In this case, noticing the deflection that Ashley employs, she immediately pawns off the cheapness onto Greg. Let's listen to what he says. Greg, is that true?

Greg: I don't put a lot of value on material things.

Ramit Sethi: So, neither of you will admit that you're cheapskates, except one of you just threw the other under the bus.

I just want to get their income and savings out of the way, because a lot of people believe that, oh, they're cheap, because they don't have a lot of money. And it turns out that cheap and net worth are not correlated, whatsoever. Listen to their numbers.

Ashley: Together, we make about 240 now, plus bonuses, so let's say 270. We have our house and we have a rental property, and the equity between those two is almost a million dollars. And then, with our savings, we have about 500,000.

Ramit Sethi: Great. Any other big financial items that I should know about?

Ashley: I have a diamond ring. I don't know how much it's worth, but it's two carats.

Ramit Sethi: Whoa. Oh, that sounds cool. Congratulations.

Ashley: Thanks.

Ramit Sethi: How long have you been married?

Ashley: Five-and-a-half years.

Ramit Sethi: How much is your total housing expense per month?

Ashley: We're paying it off quicker than we need to, so I think all of our expenses for the whole year are about 46,000.

Ramit Sethi: 46K for the entire year of all expenses?

Ashley: Oh, just house. Do you want to know about the food, too?

Ramit Sethi: Oh, no, that's fine. I'm going to guess that your food expenses are relatively inexpensive. Would that be accurate?

Ashley: Oh, no. We spend a lot of money on food, like 25,000 last year.

Ramit Sethi: Okay. Tell me about that.

Ashley: We're very health-conscious, so we spend a lot of money on grass-fed, pasture-raised meats, wild fish, organic food like Whole Foods, and high-quality coffee. And yeah, I don't know how we spend that much money. We try to spend less, but it's not working out for us.

Ramit Sethi: Why do you try to spend less?

Ashley: Because who wants to spend that much on food? I'd rather spend that time going out with people or maybe like some clothes.

Greg: I think you hear people like spending 4 to \$600 on groceries a month, and we're like, we're at 2,000, and we question how we're at 2,000 when families of four spend like 1,000, and the two of us alone spend two grand. So, that's why we try to rein it in, and it's pretty ridiculous that we are as high as we are, even though we're being conscious of it.

Ramit Sethi: If you wanted to rein it in, do you think that you could?

Ashley: No.

Greg: We had cut out fresh berries, because berries like you either don't eat them, or they go bad, or they're expensive to start. Again, we're going to buy organic berries, so you're already paying a premium for it.

Ramit Sethi: Okay. Something is going on here. They have a high income, about \$270,000 a year, and a net worth of over a million bucks. Their friends think they're cheap, but they feel guilty about spending on organic berries. And what's even odder is they don't seem to think they have any control in this situation. Their 25,000-dollar food bill is a total mystery to them. I'm going to dig deeper into this.

Ashley: I started ordering meat directly from the farmer instead of a middleman. I think that's helped a little bit, but not really. And then, we buy what we can at Costco, because that's substantially cheaper. But otherwise, I would like to shop at the farmer's market, but Greg's too cheap and won't let me.

Ramit Sethi: Did you hear that? Greg won't let me. Ashley feels restricted, and that's a recipe for resentment, but I'm not sure I buy it. Sometimes, feelings do not accurately reflect reality. What confuses me is why they both want to cut back on their spending. You've heard of the phrase comparing yourself to the Joneses?

Ashley: Mm-hmm.

Ramit Sethi: You are comparing yourself to the Joneses, only to spend less. Neither of you seems to believe that you can cut that down.

Ashley: We're not going to start eating sick meat like we're not going to sacrifice quality.

Ramit Sethi: That's what gets you cheaper food.

Ashley: Yeah. So, that's not what we're willing to do. That's important to us.

Ramit Sethi: So, I'm just so confused here, because if you want to cut back on this cost, you can, but you are unwilling to shop at cheaper places. You're shopping at literally the most expensive places, farmer's markets, direct from farmers. You're buying fruit and meat, and these are expensive foods. And then, you're buying the best of the best. Let's get real. If you want to cut your spending down by half on food, it's very easy. You're just going to go shopping at Safeway. Simple. Do you guys think you could do that if you had to?

Ashley: If we lost our jobs or something, we wouldn't have a choice, but with our incomes, I'm not willing to sacrifice the quality.

Ramit Sethi: Okay. I love hearing you say that. Greg, do you agree with that?

Greg: Yeah.

Ramit Sethi: Then, why do you both torture yourselves with how much it costs?

Ashley: Because I feel bad spending so much money on food. I come from a scarcity mindset, because growing up, my mom didn't have a lot of money, and she was always shopping for canned foods, some shake-and-bake items, and stuff, so I think if she could spend so little, I should, too.

Ramit Sethi: Ding, ding, ding. We're onto something here. Any time someone can connect their childhood messages that they received with today's spending behavior, well, you know you're onto something. These are what I call invisible scripts. They are beliefs we have that are held so deeply that we don't even realize they're there. They are effectively invisible beliefs to us. And these invisible scripts guide our lives. Let's keep listening and see what else we can find out here. How much did your mom make growing up?

Ashley: Oh, like nothing. I don't even know.

Ramit Sethi: And how much do you make per year?

Ashley: Like 90,000.

Ramit Sethi: So, let me ask the question that we're all wondering, do you think you should live differently than your mom if you make \$90,000 a year?

Ashley: I don't know. I think I should save more money.

Ramit Sethi: Let me try to ask that question again. Do you think you should live differently than your mom if you make \$90,000 a year?

Ashley: Yes.

Ramit Sethi: How?

Ashley: Because I have more money to spend.

Ramit Sethi: So, how would you live differently than your mom if you had a blank slate?

Ashley: What do you want to do in life, so prioritize where you want to spend your money?

Ramit Sethi: It sounds so logical coming from you. Why is that?

Ashley: I guess that's what we do now. We just think we should save so much.

Ramit Sethi: Why do you say, we really should cut down and we've tried to cut it down? What's the truth?

Ashley: I guess we can, we just choose not to.

Greg: Yeah.

Ramit Sethi: Have you both ever looked each other in the eye, and said, we shouldn't try to spend less on this, it's important to both of us?

Ashley: No.

Ramit Sethi: A lot of times, when people hear the phrase, I Will Teach You To Be Rich, they think it's simply about how to make more money. Yes, of course, I can show you how to make a lot more money, we do that on our website and in our programs, but there's a reason it's called I Will Teach You to Be Rich. A rich life is about more than accumulating money. So many people build the skills to get wealthy, but they never build the skills to know how to spend that money.

In other words, everyone talks about how to save, but very, very few teach how to spend it. I don't think there's any glory in continuing to use the same strategies that worked for you at 21, when you didn't have any money and you needed to save, as to when you've been very fortunate, very lucky, very successful. I consider it a tragedy to live a smaller life than you have to. So, I want to turn this around for Greg and Ashley, and I think I'm going to have to do a little bit of work on altering their perspective of money and spending.

Greg: I think we just have to accept that that's what it costs to live with our food diet, restrictive requirements, the way it is today.

Ramit Sethi: Yes, that's good. I agree with that. But the way you talk about it is puzzling to me. Oh, we have to accept that we only get to eat grass-fed meat and farmer's market fresh produce. Oh, my life is so horrible. It's a restriction, guys. Let's try it another way, Greg. Rephrase it for us. Say it to your wife.

Greg: We have set a priority on the quality of food, and the importance of health in our diets and our day-to-day, and given how important it is, we are committing to invest in ourselves and spend what we spend on our monthly food budget.

Ramit Sethi: Part of a rich life is getting crystal clear on where you want to spend your money. Ashley and Greg know what they value, but you can hear it in the language that they use, they feel guilty about it. So, what I just did there was to get them to reframe how they think about spending money. I want to take them from playing defense to playing offense. Try it for yourself. If you want to buy a 1,000-dollar coat and you can afford it, great.

Ramit Sethi: If you want front-row tickets to a Cher concert or you want to go to a Star Wars Land at Disneyland, great. My dream for every one of you is to design your rich life, and then live it. No apologies, no guilt. So, let's talk a little bit about where these money beliefs come from. I have to tell you that I can't fix "cheap". I can fix a lot of money problems. I can help people with a lot of money opportunities, but I cannot fix cheap people. Cheap is deep-rooted. It's psychological. And most of all, cheap people don't believe they have a problem, so they will not do anything to change. Do you think you're cheap?

Ashley: To an extent. I don't think I am as bad as Greg.

Ramit Sethi: That's the second time I noticed you deflected to Greg. Let's stay with you.

Ashley: I don't think I am that cheap to an extent. It depends if I place value on something, then I'll spend money on it. Like I'm happy to spend \$600 on a hotel, but I'm not going to spend 20 dollars on a cheap T-shirt.

Ramit Sethi: Greg, are you cheap?

Greg: I just don't put a lot of value on material things.

Ashley: But he doesn't want to even buy a winter coat, and we live in Canada.

Greg: I don't want to buy a 1,000-dollar winter coat, which is stupid when there is a much more affordable option. I don't need to be in with a crowd with a 1,000 or 1,200-dollar jacket.

Ramit Sethi: Did you catch what Greg just did? This is a really common technique that people use to justify not spending money on anything, especially with cheap people. What they'll do is they'll instantly jump to an example that seems highly expensive or frivolous to escape the real question. Listen to how Greg does it. I don't need to buy a 1,000-dollar jacket. Now, I know in polite conversation, most people would drop it right there, but they came on my show. I hear you, Greg. Not everybody wants a jacket of a certain brand, style, or cost. I hear you on that. But there are lots of other things to spend money on besides material goods. Do you ever think about those?

Greg: Yeah, like we spend money on experiences. We budget all of our expenses for the year in advance, meaning we have a restaurant budget for the year. The Problem, I think, is that we say at the beginning of the year, hey, actually, we spent \$3,000 on going out to dinner, this year, we're going to budget \$3,000. And so, like we're in these boxes out of the gate that we feel like we need to stay within that box and stick to that spending that we've set out for ourselves.

Ashley: Otherwise, we overspend by the end of the year.

Ramit Sethi: So, let's talk a little bit about, what are some of the ramifications? Would your family say that you are cheap?

Ashley: Yes.

Greg: Yeah.

Ramit Sethi: What about friends?

Ashley: Yes.

Greg: Some. I don't think all of them.

Ashley: Yeah.

Ramit Sethi: You want to know something? You're cheap. If your friends and family would say it, you are cheap.

Ashley: But as they say it, and they're like, oh, we wish we had as much money saved and had such a good financial position like you. So, I have friends who like to buy Louis Vuitton purses every three months, and I would never do that, I just go to the store with them.

Ramit Sethi: Ashley has her defensive strategy against being called cheap. In this case, she's pulled out the old technique of picking something really expensive, like, say, a 1,200-dollar jacket or a Louis Vuitton

purse, and then she's thrown in some moral superiority. Yeah, they say it, but then they wish they had as much money saved as we do. The fascinating thing about these techniques is they're not even aware that they're using them. Listen.

Ashley: I'm different from them.

Ramit Sethi: And that makes you feel what?

Ashley: Smarter with my money.

Ramit Sethi: I notice that you conflated being cheap with being good with your money. Do you think that there's a way to be good with money without being cheap?

Ashley: I don't know, because if we weren't this cheap, we would have never made this much or had this much money to invest, and we wouldn't be in our financial situation, where we can retire at 50. You'll have so much money, either you save it or you spend it.

Ramit Sethi: What are some of the things that have caused your friends to joke about you being cheap or even call you cheap?

Ashley: We don't have much furniture.

Greg: Like we don't have 1,000-dollar like recliner chairs, and loads of mixed snacks in our house. We don't decorate the house. So, friends might come over after us having lived here for five years and the house looks the same as it did five years ago because we don't just go spend \$1,800 on a rug and \$1,200 on a coffee table.

Ramit Sethi: Again, they use expensive items like a 1,800-dollar rug to justify being called cheap. What if it was just a 100-dollar rug? They're setting the bar super high, and then using that bar to justify being cheap, and they do it all the time.

Greg: Wanted to buy a 12 or 15,000-dollar snow blower for my parents, like we don't budget \$750 for us to split a 1,500-dollar snow blower. That's an unexpected cost that we haven't budgeted for. We don't have that much just sitting around. So, the perception is that you're cheap because you can't afford to contribute to this gift.

Ashley: And people like to make comments like, oh, you guys can go out and spend \$20,000 a year on vacations, but you don't want to go out for dinner and stuff, but it's like that's what we choose to do.

Greg: There have been people who have planned a bachelorette party and expected everyone to contribute \$600 without even discussing it with anyone. Once again, we didn't have \$600 budgeted for a two-night stay somewhere that was fancy that someone else had full control and spoke for everyone's financial position without reaching out first, to say, hey, is everyone okay with spending as much?

Ashley: There's one couple that she always picked very expensive restaurants, and I've always had to ask her not to, so now, she just doesn't make plans with us anymore.

Ramit Sethi: And does it concern you or not?

Ashley: Like I don't know if I care to hang out with them, but you need to go and spend \$400 on dinner, you can't spend like 150 and still have a good time?

Ramit Sethi: There's that defense game again, but that's all this is, a defense mechanism. These aren't genuine answers that solve the problem we're talking about. You two are the ones who called me, not your friends.

Greg: My friends call me cheap, but I'm not upset about that, because I think my friends are reckless with their money.

Ramit Sethi: You guys have very good answers for everything. There's only one problem. You are still cheap. Have you noticed it? That you have answers for everything? Are you cheap? No, I prefer spending on this and that, and I pay for value. Do your friends and family call you cheap? Yes, they do. Why? It's because they want me to buy new 10,000-dollar furniture all the time, and they expect me to fly to Vegas, and do all this.

Ramit Sethi: You have great reasons. All those things are true. Could you cut back on your spending on food if you needed to? No, we prioritize health. And then, finally, well, we've built our entire lives around this one moment at 52, but actually, we don't want to retire. And Greg, I know Greg is not going to want to retire because there's no way he'll give up the income he has, the only goal in life right now is prioritizing towards a goal.

Greg: Like you can't say I'm cheap when I spend \$20,000 on vacations a year or that I spend \$24,000 on groceries.

Ramit Sethi: That's fair. That's a fair comment. What I don't love is the hyper-focus on cost for everything else. Greg, you make \$270,000 a year and you drive to different stores to find cheaper blueberries.

Greg: Listen, I'm not going at—I didn't say those things. My wife said those things.

Ashley: You do that.

Greg: Am I jumping in the car and going out of my way? No. I don't know why you're shaking your head. No, it's not true.

Ramit Sethi: So, does it bug you, Ashley, or is it funny? What is it?

Ashley: No, it bothers me. Like it's annoying. How much money do you make an hour and how much time are you spending trying to save two dollars? Doesn't make sense. And it's annoying when we go out for dinner, you're like, I want this thing, but I'm going to get this thing because it's \$5 different. At a 150-dollar bill, who cares? He's cheap. His comments are annoying, too.

Ramit Sethi: When you're at a restaurant, you'll make these comments that annoy Ashley. And so, that does generate an argument. So, what do you get out of that?

Greg: Out of the comments I make at the restaurant?

Ramit Sethi: Yes, where you say I want this, but I'm going to get this because it's cheaper. What does it get you?

Greg: It saves me a few bucks.

Ramit Sethi: What I'm doing here is I'm looking for Greg to go beyond the obvious answer. See, most of us get something out of our behavior, even if it's not obvious. For example, if we complain about how tired we are, we get attention and sympathy from the people around us, so we keep doing it. Now, when you point this out to people, it's a really hard concept to acknowledge, because deep down, most of us believe

we are logical and rational. And so, it can seem dumb or even scary that we might not be consciously aware of our behavior. Listen to Greg trying to grapple with this.

Ramit Sethi: When you say that out loud, what does it do for you?

Greg: It doesn't do anything.

Ramit Sethi: Well, it does something, otherwise you wouldn't do it. We do things because it rewards us. Ashley eats tahini because it tastes good and it makes her happy. You drive around town, because you get something out of saving money, as you've just told us. It allows you to avoid the next argument about being overspent on groceries. Fine, I accept that. But I don't understand when you're at a restaurant, and it's one thing if you want the steak, but you say, I'm going to get the chicken, because it's cheaper, to yourself. But you say it out loud, what does it get for you?

Greg: I don't think I say it out loud, I might mention it after like the restaurant. Like I also know what it costs, like a meal costs, am I going to go to a restaurant and spend \$2,400 on a salad? It is beyond ridiculous what the markup on a salad is.

Ramit Sethi: I don't need a lecture on food costs. Just tell me what it gets you.

Greg: I wouldn't sit at a dinner, and say, oh, I'm not going to get this openly in front of her. I might just get the other option. Exactly as you said, in my head, I'll say, this is a better choice for me for a variety of reasons. I can assure you, I'm not sitting at a dinner dining room table saying, let me see how I can save \$3 today just to get a reaction out of her. Like I'm certain it doesn't happen.

Ramit Sethi: Interesting. So, why do you think Ashley disagrees?

Greg: Here's where it may be. There's a difference. If we're going to go out and get an afternoon meal, like a quick lunch, and she's going to go and get a, whatever, 20-dollar meal because that's what it costs to sit down for lunch, I might sit there, and say, do I want to spend \$18 on a burger with cheese and mushrooms, or I'm going to be happy with a burger at \$14 that doesn't have the fixings? So, that's a more realistic example of it. I've never been in a situation where we go out to dinner, and I say, I can't believe that was \$120 for two-and-a-half hours of entertainment.

Ashley: Yeah, there's been situations where I like to go for brunch, and he's like, why are we going to spend \$50 on a brunch when we can go out for dinner instead? I don't understand what the point of saving money on this is. Even though I like the act of going out for brunch, I don't even want to ask him, because he's going to make comments, so I just rather not.

Ramit Sethi: I believe him. Sounds like Greg is telling the truth. He never made those comments out loud, because he never had to. Ashley predicted them and responded before they ever happened. What do you think the cost of all of this is? I'm not talking about the financial cost, but the fact that Ashley does not want to bring certain things up with you, because of how she believes you will react. What do you think the cost of that is?

Greg: Yeah, it's discontent, and I feel like we probably are against each other if that's the feeling.

Ramit Sethi: Yeah. And what happens after 20 years of that?

Greg: We don't get to retire together.

Ramit Sethi: Yeah, exactly. That's savvy of you to say. I think I speak to a lot of couples, and many of them call me and they have problems, and when I ask them about it, they minimize it. They come on here, and I say, tell me about it. And they go, it's not that big of a deal. And then, they proceed to tell me some minor little thing. And I say, what do you think happens after 20 years of that?

Ramit Sethi: And it strikes them, oh, my God, this is exactly what people mean when they say we got divorced because of money. It's not some big financial infidelity thing in most cases. It's something that started in their 30s. Just a little habit, a little phrase that one or two of them used, a different way of looking at the world with money, a different way of ordering your meal, and its compounds.

Ramit Sethi: And suddenly, Greg, you're doing your thing. You have your values, the way you look at the world and your worldview. Ashley has hers and they diverge one degree by one degree. And as your income goes up, they diverge more and more. And the only clue you have about it is the small little fights. What do you think Ashley is responding to when you don't order the wine or you don't order a certain X, Y, or Z?

Greg: Her preconceived notion is that I'm not doing it to save money.

Ramit Sethi: Yeah. And I would say there's probably some cause for her to believe that, because you have brought money up many times, you drive around town, it's like a thing, but what do you think she is feeling uncomfortable about?

Greg: She's feeling uncomfortable that if she spends it, I'll be judging.

Ramit Sethi: I think that's probably true. Why don't you ask her?

Greg: Why are you uncomfortable about me not wanting to participate in all these?

Ashley: Because like I think you don't even want to be there because it's costing you money and you'd rather just be at home. Like the whole point is to spend time together, is what I told you before, it's not about the shoe.

Ramit Sethi: Yeah. How are you feeling right now, Greg?

Greg: Disappointed that this was that important to her and we didn't go.

Ramit Sethi: Nice. Alright. This is a really important moment. We hear Greg acknowledging that he's disappointed because he cares about Ashley and he understands how his behavior has unintentionally upset her. This is a huge clue to the success of their relationship. Oftentimes in these conversations, I'm looking for clues as to what's going on with the financial question, but you can just as well hear the clues about the strength of their relationship, and this is a positive one. Okay. Let me give you a suggestion on what to ask. Would that be okay?

Greg: Sure.

Ramit Sethi: Ask her, if we went to brunch together, what would it mean to you too? And dig into there, which whatever she tells you, double down, ask her for more, really get into her vision. Alright. Go ahead.

Greg: If we went for brunch, what would that experience mean to you?

Ashley: That we get to connect on a deeper level, and day to day just tucked in the kitchen won't make me feel closer to you?

Greg: What can I do to replicate that experience for you, whether it's a brunch or elsewhere?

Ashley: When I ask you to go out, and you think, don't be like, no, because it's as much money, and I'd rather do this with this money. If I'm asking you to do something, it's because I want to do it. It's not just something to do, to spend time together.

Ramit Sethi: Ask her again, Greg. You asked a great question. She was a little irritated in her answer. But you want to know the answer to your question. So, say, I understand that. I hope you don't mind if I ask you again because I want to know what's on your mind. And then, ask her again.

Greg: What you said if you don't mind.

Ashley: I am irritated.

Greg: What can I do to make sure that you get that brunch experience or what can I do for you to replicate those feelings that you get during?

Ashley: Like go out more. Like when I asked you to plan it, so we can spend time together. So, when I asked you to go out, I didn't want you to say no, I don't want to, because of money or whatever.

Ramit Sethi: Ashely, tell him what you do want. Avoid telling him what you don't want. He's looking for guidance, so help him.

Ashley: I want you to say yes when I ask you to go out, and I want you to ask me to go out sometimes. And I want to spend time together outside of the house. And I want you to be okay with spending more money and doing things together.

Ramit Sethi: Greg, don't feel pressured into it just because she's saying that's what she wants. Now, if you agree or disagree, talk about it. This is your opportunity to negotiate these things. Go ahead.

Greg: Money is not an issue when we go out to restaurants, because it's part of the same going-out restaurant budget.

Ashley: But how come, sometimes, for a birthday plan, to do stuff for you, and then you tell me to cancel all of it because you don't want to spend money? And why do you return all my gifts that I buy you, because you don't want me to spend money?

Greg: I don't like the gifts.

Ramit Sethi: Wait. Hold on a second. Ashley just dropped a major bombshell and Greg just swatted it away. Did he not catch what just happened? Greg, how do you think she just took what you said to her?

Greg: I'm difficult to buy for because I don't have a lot of needs.

Ramit Sethi: I'm not interested in that. How do you think she just-.

Greg: She feels hurt that I don't accept her gifts.

Ramit Sethi: When somebody gives you a gift, especially your wife, what is another approach you might be able to take?

Greg: Quite honestly, it's probably just explaining that there is something else that I had my heart set on or something else I had my eye on, and if we don't mind switching it for that instead.

Ramit Sethi: That's one option. That is code for that's one of the worst possible answers on Earth. Give me another option.

Greg: Tell her I love it.

Ashley: I don't even bother putting effort into getting you gifts anymore, because you're going to return it anyway.

Ramit Sethi: Greg, do you see what's going on here? This is the beginning of checking out. It's not just brunch, it's not just traveling, and it's not just gifts. Did you hear what she just said? Say it back to us.

Ashley: I don't put effort into buying you gifts anymore, because I know you're just going to return it.

Ramit Sethi: Greg, you both have some really serious things here. They are really underneath the surface, and every individual item to you, whether it's the drinks, or the grass-fed beef, or the blueberries, or any of the examples we've talked about, you have an individual reason for everything, but Ashley, when you said you've created an environment, to me, that is as level 10 red alert as it gets. That is dangerous. A negative environment is toxic. It causes people to check out. It causes people to just stop caring. And once that happens, you cannot get them back. Do you two want to ask each other anything or share how you're feeling?

Greg: No.

Ramit Sethi: Okay. That's fair enough. Okay. They have some work to do on their communication, but I want to shift gears here for a second because I don't want to lose sight of the bigger picture. What are they going to do with all this money they're saving? Keep in mind that between them, they have an annual income of \$270,000 and a net worth of over a million bucks. Greg, what do you think you're going to spend on when you retire?

Greg: Golf club membership,

Ramit Sethi: Okay. \$25,000 a year. What else?

Greg: Oh no, I'm going to find a much cheaper option.

Ramit Sethi: Bro, I can't believe it. After everything we've been talking about today, the first example was a cheaper option. Why?

Ashley: I want to go to a luxury resort and fly first class.

Greg: Just the biggest question mark is how are we going to travel and how do we spend money on travel? So, even if we say six months somewhere, that could very well mean an apartment in a city somewhere across the world at 2,500 a month. We don't need to have a luxury apartment to enjoy what the culture is like.

Ramit Sethi: Wait a second. I thought the whole point of this was to save now so that Greg and Ashley could spend extravagantly in retirement. But now, he's telling us, oh, he's not going to spend extravagantly in retirement, he's still going to be looking for deals. Then, when he has millions and millions of dollars when exactly is he planning to spend all this money? Greg, when was the last time that you went to a luxury hotel?

Greg: We traveled to Europe for a month.

Ramit Sethi: And how much did that cost you when you were there?

Greg: 12,000.

Ramit Sethi: And how did you feel about that, Greg?

Greg: It was budgeted for, so it was fine.

Ramit Sethi: Ah, very interesting.

Greg: We knew that we wanted to get away from work. It was our first trip in a year. You don't want to go to Italy and cook in your own house. You want to go to the restaurant. So, when you decide to eat out every single meal and get comfortable accommodations, you're okay with the bill being what it is.

Ramit Sethi: Okay. Now, we're getting somewhere. Well, as long as-

Ramit Sethi: Ashley, was that your experience, too?

Ashley: No. I was going to say that Greg tells me, that's ridiculous, that I want to spend that much on vacations every year. To me, I feel like it's justified because I sacrificed other things in my life to have this. I don't get my hair or nails done, and I don't buy a lot of clothes. I don't ever go out, because I want to save money to go on trips.

Greg: So, the trips after food are our biggest expense and the trips become a contentious topic sometimes because I don't need the highest-end butler service accommodations when I go on vacation.

Ashley: But we don't spend that.

Greg: We've spent \$20,000 before.

Ashley: I know, but like for us to go for a honeymoon and we will stay in luxurious places. That's it.

Ramit Sethi: First of all, I'm a hotel guy, so I need to know which hotels we are talking about here. Where did you go on your honeymoon?

Ashley: We went to Bali and we stayed at The Chedi.

Ramit Sethi: Beautiful. All right. I have to tell you guys, I don't care, we could be talking about you becoming an orphan, but if you mention that you stayed at a certain luxury hotel, I'm going to stop that conversation. Hold on a second. Which sweet did you stay in? How did you like it? What type of food? Did you order off the menu? Did you talk to the chef? Did you take a tour with the general manager? What can I say? I love these hotels. I got to know the details. I'm sorry, guys.

Ashley: When we are in Poland, it's much cheaper, so we went to this spa hotel in like the [indiscernible] so we're going \$600 a night, but it was like a lot of bang for your buck, because of their currency.

Ramit Sethi: I wanted to see what Greg and Ashley need to save to hit their financial goals and how it compares to their lifestyle. They plan to retire at 52, so I crunched the numbers for them. So, you're on track to do that. Looks like you are going to end up with around four million bucks. When you think about those numbers, how do you feel?

Ashley: Great.

Greg: If I'm making a quarter-million dollars at 51 or 52, am I walking away from another year of a quarter-million dollars? The question mark will be, am I going to be prepared to walk away from whatever level, whatever job I have at that age, and just forgo that income? I think that's going to be the tougher part that we have to navigate, which could also result in some issues.

Ramit Sethi: I already know the answer to that, so do you.

Greg: Exactly.

Ashley: Yeah.

Ramit Sethi: What is it?

Ashley: All he talks about is retiring, but then I'm like, you're not going to walk away from that income once you get there.

Ramit Sethi: So, why do you guys put 52 as retirement? You don't want to retire at 52.

Greg: So, we call it financial freedom, like we have the option, if neither of us wants to go to work anymore and we've had enough.

Ramit Sethi: Financially speaking, Ashley and Greg are both well ahead of most people I speak to. They're aligned on their financial goals. They're high earners. They've got a great amount saved up. But what's interesting is that this conflict stems from their self-imposed annual budget, which is restricting their spending. In other words, they're prisoners of their creation. Now, the solution seems obvious to you and me.

We both know that they don't need to be saving so much money, but it's one thing to "know" what needs to be done. It's a whole other thing to make those changes in your own life. Let's see if I can convince them to cut themselves a little bit of slack here. You guys are already going to have four million dollars, and a few years after that, you'll have \$10 million. So, these arguments that you're having, first of all, they're really over small amounts of money.

We are not talking about 80 grand, we're talking about \$5, \$50, but the second part of that is that they're not about money at all. It's not a math problem. This is a deep psychological problem. You don't have the skills to spend money. You've never developed them. Ashley, we talked about your mom. Greg, we didn't get a chance to get into your family, but would you agree that there's probably—is there something in your past, where, similar to Ashley, there were maybe financial irregularities or people who didn't spend a lot of money?

Ashley: Yeah.

Ramit Sethi: Yeah.

Ashley: He grew up pretty poor.

Ramit Sethi: Earlier, I mentioned that we start forming our money habits in childhood. I think it's time to hear Greg's story.

Greg: I'm Eastern European. My going out would be on the drive camping. We've stopped at KFC once a year, whereas now the needs of my partner are to go out multiple times a month, which is very different from my whole upbringing. Like that one, KFC brought me joy, but I don't think I can replicate that joy by going out regularly. So, the fact that we go when we go and we make it feel special to us brings me back to that time when we hopped into KFC, but I don't know if I'm going to have that same satisfaction, joy, and love if I go out four or five times a month.

Ramit Sethi: Everybody talks about the hedonic treadmill, and the advice that everybody in the financial world gives you is that the hedonic treadmill will force you to have diminishing returns on your enjoyment, which is true, but then they go one step further. They go, therefore don't do anything a lot, because you're never going to enjoy it. And I think, Greg, your mind is telling you, hey, I get a lot of joy out of going out

once a year, so therefore, because I'm a human and humans love to be consistent, I should get the same amount of joy doing it now.

And if I need to go out more, there's something wrong with me, I've become one of those frivolous spenders. But I'll give you a different perspective. I want to acknowledge that you're not going to get the same joy today, even going to a 200-dollar restaurant that you got from that five-dollar KFC meal. It's not going to happen. Things are different. You were also getting a lot of joy, not because of the chicken, although KFC is pretty good, who were you with?

Greg: My family.

Ramit Sethi: Yeah. So, whether it's \$5 or \$500, you are with people you love. And what you've done is you've let the dollar amount become the most important part of that story. The real answer is the people you were with. So, you have the chance to do that now. Yeah, it's going to be a little bit more expensive. It's going to be a lot more expensive. But do you think 15-year-old you would ever imagine that you'd be making this kind of money?

Greg: No.

Ramit Sethi: Exactly. Without any specific goals for the next 15 to 20 years, I predict you will accumulate a tremendous amount of money. I don't think you truly understand the costs if you add up all the collective decisions you've made. On your income, you've saved how much per year, with everything you do to save on wine and blueberries, and this particular brunch or whatever? How much does it say to you per year?

Ashley: Not much.

Ramit Sethi: How much? Give me a number.

Greg: \$5,000.

Ramit Sethi: It's more than 5,000, I can tell you that right now.

Ashley: Ten.

Ramit Sethi: Good. Maybe you're saving 5 to \$10,000 per year. How do you feel about that?

Ashley: Now that I'm older, I feel like it's not worth it. When I was 20, that was more like a significant number.

Ramit Sethi: Let's first start with what your worldview on the world has cost you. How could you figure that out? I don't just mean financially.

Greg: How many fewer people are calling you to go out?

Ashley: Yeah.

Ramit Sethi: What else?

Greg: How many times have we fought over money?

Ramit Sethi: There you go.

Ashley: How many memories we've lost with our families?

Ramit Sethi: Keep going. What else?

Ashley: How many times we haven't connected, because we don't go out? We just like to sit in front of the TV. There are a lot more important things than money.

Ramit Sethi: Greg, what about you?

Greg: It becomes eye-opening and very evident that we've missed out on these memories and experiences for what can be 5 to 10,000 dollars a year in expenses.

Ramit Sethi: If it were someone making \$25,000 a year, I'd be having a very different discussion with them, but you two are professionally very successful. I won't go so far as to say you're financially successful. You saved a lot of money, but being successful with money is about more than math. What I would argue, you've failed at, is to prioritize everything else. Became tunnel vision focused on numbers, and that's not a rich life. That's just a lot of money.

Ashley: I agree.

Ramit Sethi: What do you want to do about it?

Ashley: I don't want to save as much. I want to start living for today and not for tomorrow. What about you, Greg?

Greg: As you said, I think we just have to look at the things that we feel that we're missing out on, these sandboxes we've created for ourselves, being able to expand those, so that we can feel, at least, in this interim, until we learn how to spend, how we can feel better about having a budget for these experiences, having the allocated funds.

Ramit Sethi: You want, you're done, already invested a tremendous amount, and you're investing \$70,000 plus per year. So, it's not that you are choosing today over tomorrow. Tomorrow's done. You've got it. Lock it in. Well done. Alright. So, things are going to come up that you did not budget for, and both of you have one reaction.

Ashley: Panic.

Greg: I feel like we have a slush account.

Ashley: We do not.

Ramit Sethi: I like where you're going, Greg. How much should that slush account have?

Greg: \$1,200.

Ramit Sethi: Greg, no, I thought we had this. 1,200?

Greg: If you cover other buckets, why would you have another large slush bucket?

Ramit Sethi: Greg, stop thinking like you're still poor. You make \$270,000 a year. The unexpected things that come up for you are more expensive than for somebody who has a low income. There's no nobility in continuing to act like you're poor. It's offensive. So, Greg, how much should be in that slush fund?

Greg: \$5,000.

Ramit Sethi: Good, five thousand now and three years from now, how much do you think that should be in there?

Greg: \$7,000.

Ramit Sethi: OK, that's good, at least directionally. Ashley, what about you?

Ashley: The same.

Ramit Sethi: Okay. Fine. That's great. That's perfectly fine. If it were me, I would have said 15,000, because I want you to start thinking bigger.

Ramit Sethi: I think they both get it. Let's hear how they're feeling.

Ashley: I'm excited that we're going to get some freedom with this, because this is what I wanted for a long time, and I'm glad we're on the same page. I guess it's going to be hard, I think.

Greg: I'm very optimistic because these stringent rules have bound us, and I think we've both opened up to the understanding that we can afford more now, we can allocate more to ourselves, to our well-being, for our mental health, and to our marriage. And it's just a matter of being able to start putting on the action.

Ramit Sethi: That's awesome. I love that. I love hearing you acknowledge each other. You feel confident, Ashley?

Ashley: Yeah, I'm excited.

Ramit Sethi: I am, too. My greatest joy will be to hear from you both in six to 12 months. What are you going to tell me?

Greg: We're going to tell you about the hotel we went to and how much we enjoyed it.

Ramit Sethi: There you go. What are you going to enjoy at that hotel?

Greg: We're going to go treat ourselves.

Ramit Sethi: It is the new version, Greg, of your KFC, is seeing your wife smiling, because you've created abundance in this relationship. And Ashley, for you, it's the joy of watching Greg opening up financially. And so, when you're both at this beautiful resort, and you're eating this great food, and you look at him, and you see him smiling, you're smiling. That's a great moment for both of you to appreciate each other.

Podcast Episode 3: My husband is going broke, but he won't let me help

Synopsis: Calvin feels he needs to be the “man of the house” and pay for everything. There’s just one problem: He can’t afford it. Every month he’s in the red, leading him to be anxious when around money. He’s obsessed with analyzing the price of everything. At dinner, he looks straight at the right-hand side of the menu and picks meals based on price instead of taste. And the idea of booking a vacation with his partner Chantha is almost impossible – something that’s causing a rift in their relationship.

Chantha likes to spend money on nice things and feels Calvin is too cheap with his money. The two of them feel stuck because of this dichotomy. And, to make things even more complicated, Calvin – by conventional definitions – is rich. He and Chantha bring in \$250k a year, and based on their savings rate, they’re on track to become multimillionaires.

Even though he’s hesitant to do it, when Calvin does muster up the courage to write a check, he enjoys it. It’s just that the process of getting there is an assault course of calculations and weighing up costs. I need to help him gain a long-term perspective instead of just fixating on the end of each month; that starts with helping him realize the true value of money and the true cost of frugality. There’s nothing wrong with being money conscious, but when it becomes your primary focus, it can lead to people missing out on what’s important in life.

This sort of money obsession comes from some deeper psychology – as I so often say, this is not a math problem. As you listen, notice their backgrounds. What led Calvin to feel this way about money? What motivates a husband to take on such a burden and how can Chantha and Calvin find a middle ground of comfort where they can build a future together?

I coach them to see the bigger picture instead of fixating on the end of the month, help them through what it means to truly share responsibility, and why love ≠ money. Pay particularly close attention to our discussion around vacation at the end of the episode.

Podcast Transcript:

Ramit Sethi: Hi. My name is Ramit Sethi. And today, I’m talking to Calvin and Chantha. Now, they’ve been together for three years, and until recently, Calvin has insisted on paying for just about everything. The problem is he can’t afford to, and he obsesses and agonizes over money. He feels anxious. He’s always looking for the cheapest price. Now, he’s in his mid-30s, and together, Calvin and Chantha make over \$250,000 a year, and they have over half a million dollars in savings. So, why does he feel so bad about money? Let’s find out the clues. We’ll see what we can do together.

Chantha: He’s great. He wants to pay for everything, but the struggle is he obsesses and stresses out over everything also when it comes to money. And so, I’ve always talked to him about contributing a percentage of our paychecks into a household expense and combining the household expenses. But Calvin has always wanted to keep a lot of things separate, and he’s also wanting to, I guess, be the man of the house and take care of everything, until he comes to me, and says, he keeps going negative after paying for everything. Our expenses are pretty high.

Calvin: I pay for too much stuff, and therefore, that’s in debt. In turn, it makes me worry about money, worry about the cost of everything, always looking for the cheapest route or the cheapest alternative. And I told her, I think that you may not feel that way, because you’re doing fine, because obviously, I’m in a negative, you must have extra money, and you must go okay and I don’t.

Chantha: Yeah. I think Calvin two years late on that when we first moved in together, I had discussed this with him in the beginning, because I didn't expect him to pay for everything, and I'm more than happy and more than willing to pay for my share. I think him struggling and realizing that he cannot support both of us, especially with the way I spend according to him. And so, I think that I'm glad he finally realized it. I think if he had sat down with me, looked at the numbers, and gone through everything together from the beginning when we first moved in, I don't think he would feel this much anxiety.

Calvin: I realized that a little bit late. I take in about 120,000 a year.

Ramit Sethi: Okay. I get that he wants to pay for everything, but Chantha also has money of her own. Let's find out what's going on with her. Tell me how much you make in total per year.

Chantha: About 130,000 a year.

Ramit Sethi: Did you catch that? Chantha makes more than Calvin does. Now, there's an obvious solution to this problem, and that is for them to reallocate the way that they do their spending, for them to spend proportionately, so Calvin's spending will go down towards their joint account, and Chantha's will go up. That just makes sense. And, right before we recorded this episode, they made that change. But I still wanted to talk to them to find out what had led them to all this financial anxiety, because I suspect there's something a lot deeper here.

Chantha: We redid our math just a few months ago.

Ramit Sethi: So, would you say you contribute roughly the same amount that she does?

Calvin: Yeah, now, we are.

Ramit Sethi: Good. Okay. It would be really easy to end the episode right here. Okay. We made a quick change in Excel, boom, done. That's what so many people think money problems are. They think they are a math problem. But money problems are rarely math problems. They're much, much deeper than that. There's something else going on psychologically, something that caused them to get to this point. And now, we're going to have to find out what those clues are. Let's start with the fact that Calvin felt he had to pay for everything. What do you think that is? Where do you think that comes from?

Calvin: Originally, I told you not to give me anything. I mean, I'll just do what I can on my own, and then eventually, that didn't work. So, let's start trimming a little bit, and now, it's still not working. And so, we went with this new route where we kind of put into an account to pay for joint expenses.

Ramit Sethi: Before running into the red, how's it working for you now?

Calvin: We just started at the beginning of March. Coming up in a few days, we'll see how it goes. But it should be okay, because we calculated everything else to figure out, and we came up with an average amount that we would need to cover everything, including grocery shopping, potential dining, and even gas. So, it should be fine.

Ramit Sethi: Okay. Good.

Calvin: She's right. I wanted to be the man in the house. I wanted to provide as much as I could, and also just wanted to see how much I could do on my own in the event she didn't want to work anymore or couldn't work anymore.

Ramit Sethi: Let's unpack that. What does Man of the House mean to you?

Calvin: Basically, take care of everything financially. Pretty much that.

Ramit Sethi: So, pay for everything, and then what happens fast forward? Maybe you decide to start a family, what happens?

Calvin: And then, I won't be able to afford it.

Ramit Sethi: Yeah, that could become a problem. Yeah. Okay. You guys came in here as if this was a math problem. This is not a math problem. And I'm really happy that you've both fixed up the allocation, that's awesome, but this has not been solved at all. We still have work to do, because the real problem is not on the spreadsheet. Put the spreadsheet away. The real issue here is way deeper. It's not going to be found in Excel.

Ramit Sethi: The way they restructure their finances is good. It's probably going to help prevent Calvin from going into the red every month, so I'm really happy to hear that. But there's more here emotionally. There's more behind how Calvin felt that he needed to provide for both of them, even though he couldn't do it financially. And the reason that I want to push on this is that if you just paper over a problem, if you don't understand the causes, then it will come up again, and again, and again. And with money, especially money in relationships, we want to get to the root cause. We want to fix it once and forever so that we can move forward and create our rich lives.

Calvin: I feel like we value money very differently. Every dollar counts to me, whereas I think for Chantha, sometimes, convenience is more important or luxury is more important. I look at the price tag pretty much. I assess whether or not it's worth it and whether or not I can do it myself, or we can find it cheaper elsewhere, or if we need it. And we could walk there instead of getting a cab or something like that.

Ramit Sethi: Okay. So, let me give a few examples. You tell me if you would think about the price for this. When you go to buy a car, do you comparison shop for prices?

Calvin: I do.

Ramit Sethi: Okay. When you think about taking a vacation, do you do comparison shopping for locations or hotels?

Calvin: Big time, yeah.

Ramit Sethi: Okay. And when you go to the grocery store, do you comparison shop for the type of spaghetti sauce or lettuce that you're going to get?

Calvin: I do, yeah.

Ramit Sethi: So, everything.

Calvin: Yeah, everything. Like organic, or do we need organic? When we go on vacation, we spend money and it does bring me joy, it's the process of getting there, there are a lot of calculations, and weighing out the cost and the value of things.

Ramit Sethi: And if you spend an extra 500 bucks, do you think it would give you more joy?

Calvin: No.

Ramit Sethi: Okay. And what do you think, if I asked Chanta that same question, what do you think she would say?

Calvin: I think she's the opposite of everything I say. Like I said, she values more of the convenience, organic, doesn't matter if it costs more, doesn't matter, and valet parking. I'm like, no, let's self-park, let's self-park, stuff like that, so it's the complete opposite.

Ramit Sethi: So, let me understand. I want to know the advantages of this approach because I think there are a lot of advantages to your approach. And then, I want to know what your approach might be costing you. So, let's start with what are some of the benefits of your approach. Behaviors serve a purpose. There are biological behaviors, like sleeping when we're tired and we cry when we're sad. But then, we have other types of behaviors, like comparing the price of everything. Now, they usually get us something, some sense of comfort, or status, or saving money. But if you take them too far, they can start to cost us a lot. And that's what I'm trying to find out here. What does this cost him?

Calvin: I like knowing that I've gotten the best price possible. I don't like overpaying for anything, because again, I work very hard for my money, and I do not, she thinks we're well off, and I don't think we're well off financially. And so, I try to spend as little as I can or save as much as I can.

Ramit Sethi: Keep in mind, that they make almost \$300,000 per year.

Calvin: That, in turn, makes me look very like not materialistic. I don't shop for expensive clothing. I don't drive expensive cars. That's just out of the question for me.

Ramit Sethi: You're not materialistic. What else?

Calvin: Knowing that I got the best value and the best price that we could get something for, whether it be like a vacation, food, or anything.

Ramit Sethi: And what is the advantage of knowing that you got the best price?

Calvin: I didn't overpay for anything.

Ramit Sethi: Uh-huh. And what's the advantage of that?

Calvin: I didn't use more of my money on a service or our money on a service.

Ramit Sethi: Okay. Very good. Alright. What are the disadvantages of your approach?

Calvin: Oh, I know the disadvantage. Time-consuming, where I research, and I ponder, I weigh this versus that, versus this. It does take time. I know that it takes time, everyone knows. And then, yeah, time, and we get to disagreements and stuff like that. So, those are probably disadvantages.

Ramit Sethi: That's it? Just the word disagreements. Like you called me to come talk about this. Clearly-

Calvin: Well, we disagree and it escalates.

Ramit Sethi: Tell me more about that.

Calvin: Because we disagree, because we don't see eye to eye on it. And so, she thinks it's—she doesn't understand why I am out shopping for like the cheapest one or like the best value at a bargain. And I don't understand why this is not a priority to her.

Ramit Sethi: Okay. Chantha, let me hear from you.

Chantha: I think I'm reasonable. I save money, but I do live life. I think that's our difference. Calvin doesn't understand how to splurge on himself, and I do that a little bit more, whether it's myself, my friends, or my family. I like to splurge on gifts for people. We work hard to make money, so I feel like we should enjoy it as well. But I don't think that we should spend everything that we make. As long as you're saving and you have a balance, I believe more about having that balance.

Ramit Sethi: Calvin, do you agree with having balance?

Calvin: I do.

Ramit Sethi: Okay. So, that's good. You both agree on balance. Maybe you just don't agree with what balance is.

Chantha: That's exactly right.

Calvin: Well, I don't think I make enough for the way she wants to live. That's the thing.

Ramit Sethi: What would you say this ranks in terms of the issues that you argue about? Is this the number one thing or is it in the top three?

Calvin: It will be in the top three, yeah.

Ramit Sethi: Chantha, do you agree with that?

Chantha: Absolutely.

Ramit Sethi: Top three. Okay. What happens if you both continue on the way that you've been going? You're three years into this relationship. It's somewhat early on. If you change nothing and you keep going on, what do you think happens? I'm taking a detour here because I understand their issues. Now, I want to see if they understand how serious this is. A lot of people I talked to initially wrote in with this huge problem, but when we started talking, they minimized it.

Ramit Sethi: They'll say, well, it's not really that bad, or we only fight once in a while, but overall, things are pretty good. Now, that might be, but a four out of 10 fight about the price of chicken wings can multiply, calcify, and amplify, especially after 40 years of marriage, two kids, and a mortgage. That's why I'm doing something called future pacing right here when I ask them to imagine the future.

Calvin: I think there would be a lot more disagreements and arguments about it. And overall, we wouldn't be happy, and it will be hard to coordinate, or plan anything, or yeah, just making a plan for anything, whether we buy something, going somewhere, doing something.

Ramit Sethi: Yeah. On a scale of one to 10, how serious do you think it is today, and how serious do you think it could become?

Calvin: I think it could become very serious, because when we're talking in terms of having a family and stuff, like I see her as no limits in expenses, like if we were to have a kid, no, we need to do this for the kid, we need to do this. I want this for the kid. No, I want only organic, only top-shelf items. I don't trust the school system. I want them to go to private school and all that stuff. That's all money and like money that I don't have, or I don't feel like I have. I'm going to object to certain stuff, and it leaves me being a bad father, husband, or whatnot.

Ramit Sethi: I think you're right. I think that it is a nuisance right now, maybe a little bit more than a nuisance, but I think that as you fast forward and as you're both thinking about a family, it's become way more complicated financially and values-wise. From what I hear so far, you don't have an effective joint philosophy. You have two individual philosophies, which contradict each other. And so, luckily, you're

relatively high income, you have low expenses, so you can kind of paper this up, right? Look at it, you have hundreds of thousands of dollars in savings. Do you know your savings rate?

Chantha: I save on my own about 20% of my income.

Ramit Sethi: They're very savvy with the technical aspects of money. They're spending less than 11% of their gross income on housing. That's extremely good. They know their numbers. They know their savings rates. That part, I'm not concerned with, it's the other part, the what else part that's concerning. What are you going to do with this money? How do you know when you've won? What is the purpose of 10.5% spending on your housing? These are the questions that are not found in a spreadsheet, and they are much, much harder for people to grapple with. I decided to go back to Calvin's childhood and learn a little bit more about what he grew up with because I think it has a big, big hint about what's driving him today.

Calvin: It was that my dad paid for everything. My mom, for many years of her adult life, didn't work, and then eventually, she did. And even then, I think she didn't pay for anything. She just saved her money, and that's how it was. It didn't work out, though, because they were always in financial trouble.

Ramit Sethi: Why did she go back to work?

Calvin: Maybe it was to help out, yeah. My family did not make a lot of money, and my dad was very poor with managing money, racking up credit card debt, collectors calling, bad credit scores, all that stuff, and writing checks consistently that were insufficient. My parents never had enough money or no.

Ramit Sethi: Did they ever say anything to you that made you feel as a kid that you or your family didn't have enough?

Calvin: And their English was very bad, so of course, I have to deal with all the phone calls, collectors, collection agencies, credit card, or even like deferring payments, whatnot, going to like payment plans and stuff. I did all that for my dad, so I knew all that stuff.

Ramit Sethi: Wow. How old were you?

Calvin: Elementary.

Ramit Sethi: What?

Chantha: I know, I told Chantha, and I don't if she believes me sometimes, but I've been helping my family with financials since I was a little kid. And because of that, you know what? I never asked for anything from my parents. I never participated in any extracurricular, because I thought it would cost my dad money. I never got any toys. I never asked for anything. I didn't go to my prom and I didn't do anything, because that would involve money. I didn't want to bug my parents all about it.

Ramit Sethi: That can't have been easy to take on that adult role as an elementary school kid. That's unbelievable. Suddenly, a lot of Calvin's financial anxiety makes sense. He's been living with a world view of scarcity since he was in elementary school, and he's been fixing money problems. Catch that word, fixing, not seeing money as joy, but as a problem to be fixed and managed since he was a little kid.

Ramit Sethi: So, we can sit here and tell Calvin to spend more on organic cheese, but because of his lived experiences, he sees money differently than Chantha does. Now, you told me that when you were young, you said not enough, and then as you got older, going to prom and schools, it almost seems like you just didn't even ask. What did you start to believe about money as you grew up?

Calvin: I don't want to be like not having—to not have enough money for things.

Ramit Sethi: Is your family still in the same financial situation?

Calvin: They're better now because of me. I still help them monitor it. So, I manage it until this day. Yeah. It is hard to say, my dad is just really poor with any of these. He'll write a check and send it out, and then he goes to the ATM and withdraws whatever he needs to withdraw for cash, then sees the balance on there, and thinks that's how much he has left, not realizing that there's two or three checks that's floating in the mail system that's going to people that are going to be depositing it, then he ends up insufficient funds. And I see it, because I log in to his account once in a while, and I check, I don't know what's going on, stuff like that.

Ramit Sethi: That's got to be frustrating, and also something that you've been doing it for, what, 30 plus years, must be something you just learned to live with.

Calvin: Yeah. We grew up in Hawaii. I came here when I was 17. So, in 2010, I got him into those credit debt payment plans and stuff like that to get him out of it. And he did. I made sure he was on track, and then eventually got out of it. His credit went back up, and he was doing well, and I think he's fallen off again. But now, I got my sister, my younger sister to help out with managing.

Calvin: I just set up like the rent payments, and automatic payments for them, and stuff like that. So, that's when he writes those checks at least, he just doesn't understand that writing a check, means that's what the money is going to be. He just doesn't realize that. He's always like, I thought I saw my ATM receipt, I still had \$1,000 in the account. I said, yeah, but what about the check you wrote two days ago?

Chantha: He questions their every purchase. He questions kind of their every move and decision, but I see why we had to. That's a lot of responsibility for him to hold and he continues to carry on that responsibility. It's just hard because I see it affecting us, and our finances, and how he questions a lot of the things that I buy as well. But I always try to remind him, I'm not in the same financial position as his parents.

Ramit Sethi: I think it's pretty cool that Chantha understands Calvin's childhood affects him. And that understanding, that's not going to make their money problems disappear, but at least that understanding is a great sign that the two of them can take this journey together. I will say, though, that I'm not sure Calvin has connected his childhood with his financial behaviors of today, the anxiety, the constant comparing cost of everything, and the stress that is putting on their relationship. When you think about your relationship with money today, what role do you think that your family upbringing had in that relationship?

Calvin: It makes me just never want to be in debt and be in that position.

Ramit Sethi: Because what?

Calvin: I don't know. That is a wonder because it doesn't help me if I was at home, but I don't like—and that's why I don't feel good at the end of the month when I'm in the red.

Ramit Sethi: What happens if you get into debt?

Calvin: It's hard to get out.

Ramit Sethi: Yeah, what else?

Calvin: I would have to work more to make the money.

Ramit Sethi: What happened to your dad as he got worse and worse with his money?

Calvin: He and my mom would get into arguments financially. That's it. And then, my dad, I don't think he cares. It seems like he cares, but I don't think he cares.

Ramit Sethi: So, how come you care?

Calvin: Because I think it's going to fall onto me if anything happens because I'm the one that's the most successful financially—on paper, the most successful in our family.

Ramit Sethi: And you've been doing it for so long, too. You've been helping in so many ways.

Calvin: Yeah.

Ramit Sethi: Yeah. Did your parents look at the prices of stuff when you were a kid?

Calvin: They do, but they don't—what do you call it? They don't weigh it out, and much work, and stuff.

Ramit Sethi: Like they don't create Excel models to compare it?

Calvin: No. Nothing. None of that stuff. And they just buy it and they don't think too much about it. Up until this day, they just buy unnecessary things they don't need. They buy too much of things that they should be buying.

Ramit Sethi: And when they do that, how does it make you feel?

Calvin: It frustrates me and I get into arguments with them, too.

Ramit Sethi: And when Chantha buys valet parking, how does it make you feel?

Calvin: I don't like it either.

Ramit Sethi: Any connection between the two?

Calvin: No. The only connection is I don't want to spend the money on that because I don't think we need it.

Ramit Sethi: I'm wearing a pretty nice shirt right now. I don't need it. I don't need it at all. I could have bought it at Target. Target has very nice clothes, but I decided I like it, so I bought it. What do you think about that? Is that unnecessary?

Calvin: No. But if you can afford it, then that's fine.

Ramit Sethi: Good. That's a great answer. Now, how do you know if you can afford valet parking, 15 bucks, let's say?

Calvin: Yeah. And I've told, Chantha, I told her, when I pay my bills and I'm not in the red anymore, then maybe we can figure out, if I'm in the red, that we shouldn't be paying more for luxury.

Ramit Sethi: Chantha, do you agree with that?

Chantha: Yeah, I agree with that.

Ramit Sethi: Okay. Good. We have a big zone of agreement here, still feel out of the zone of disagreement. So, do you both have any money rules that are important to you jointly?

Chantha: We don't have any money rules yet. For example, I read your book, I follow you, like all about using your points for plane tickets, and hotels, I'm all about that. And Calvin is, too, but he micromanages how we spend our points, our free points. And so, I think if we come up with some good money rules, then it would be good for us to follow, because in my mind, I see them as free points, it's okay how we spend it because they're free, but Calvin completely disagrees and has his way of wanting to spend it.

Ramit Sethi: I'm moving on from Calvin's childhood into their spending with money today. See, sometimes, when people talk about their childhood, they instantly get it, and they can connect how their upbringing is causing their financial issues today. But sometimes, they need more time to make those connections. It needs to sit and settle. So, let's shift to how Calvin and Chantha spend on vacations now. Now, jointly come up with the money rule that would serve both of you.

Calvin: Yeah.

Ramit Sethi: What would be a rule that both of you could feel good about?

Calvin: My general rule is no valet, we can walk. That's something that came up like right away off the top of my head.

Ramit Sethi: Of course. You say it like it's a surprise. We all knew that's a given. I was kind of hoping for a money rule that would permit them to spend more here, but at least he's trying. It runs deep inside you that you want to spend as little as possible. I get that. That's your natural inclination. And like we talked about, that can serve you in a lot of ways. You're probably never going to run out of money. But again, what do you think the downside of that is, Calvin?

Calvin: Yeah. just time.

Ramit Sethi: That's one. What else?

Chantha: We could get really bad quality things.

Ramit Sethi: Calvin, when you go on vacation, do you want to stay at a Holiday Inn?

Calvin: First of all, before I met her, yeah. I stayed at the Holiday Inn and stuff.

Ramit Sethi: Okay. Fair enough. First of all, I have nothing against Holiday Inn. I stayed there when I was a kid. It's a great family hotel. But Calvin, can I point something out to you?

Calvin: Yeah.

Ramit Sethi: I don't think Calvin realizes just how wealthy he is. And I know for a fact that he does not realize how wealthy he will be. You are going to be a multimillionaire. Did you know that?

Calvin: No. That sounds great, but I didn't know that.

Ramit Sethi: You already are a multimillionaire, you don't even know it yet, you just need time. I already calculated how much you have and how much you're contributing. You are already a multimillionaire. You just need to let your investments sit and keep compounding. And the more you add, the more it's going to grow. Now, let me ask you this, Calvin. Let's say you're sitting on \$ 3 million, do you still want to stay at a Holiday Inn?

Calvin: No.

Ramit Sethi: Okay. Good. Let's say you're sitting on 500 grand, so you still want to stay at the Holiday Inn?

Calvin: Yeah.

Ramit Sethi: Okay. A million?

Calvin: No.

Ramit Sethi: Wow. So, at a million bucks, it changes from Holiday Inn to you're willing to stay somewhere else. Is that right?

Calvin: Yeah.

Ramit Sethi: You can afford more than a Holiday Inn right now. Do you know that you are rich?

Calvin: No.

Ramit Sethi: Yeah, because ever since you were an elementary school kid, you've been poor. So, you have gotten a great job. You have a very good income, and combined with your girlfriend, Chantha, you have a very good household income. Your savings are quite good in terms of percentage per year and your expenses are low, and yet this is not a math problem. This is all psychology.

Ramit Sethi: And so, it's funny, you even just said at a million dollars, you would switch away from a Holiday Inn, but a Holiday Inn costs 150 bucks a night. That's a decimal error. Do you see how it's not a math problem here, that there's something else going on? You're already rich and you're getting richer every day, but until you can internalize that, you will always hold on tightly to parking, hotels, salad, burritos, whatever.

Ramit Sethi: And look, personally, I don't care if you want to go for a cheap burrito, and that's just not important to you, my car is 16 years old, it's not important to me. It still works. It's a great car, Honda, love it, but there are other things, that I buy a nice vacation. And there are even some things where I say I'm going to give myself no budget, I will spend anything because it's important to me and I can afford it. So, Calvin, hearing that, how does that strike you?

Calvin: It feels good to hear that, but I think because you're looking at it from a long-term perspective, and for me, it's just down to the end of the month.

Ramit Sethi: This is common with people who have anxiety around money. They look at everything month to month, and that is as far as they can look. It's kind of like driving in the fog, where you can only see 50 feet in front of you. Of course, you're going to be nervous. Of course, you're going to be going slow. Of course, you're going to be worrying about all the things that can go wrong. You're only seeing 50 feet in front of you. My job is to zoom out and show you the big picture, your rich life, not just your rich month.

Ramit Sethi: The funny thing, though, even though you're living month to month, you've managed to accumulate six figures in savings, that's no joke.

Calvin: Yeah.

Ramit Sethi: And yet, you are obsessed, words that I heard today, obsessing, you're talking about like 10-dollar expenses, but you have over 200,000 dollars in savings, both independently and jointly. Do you know how much your money right now turns into by the time you're 65, if you just keep contributing the same amount? Any idea how much it turns into?

Calvin: No.

Ramit Sethi: Take a guess.

Calvin: Five million.

Ramit Sethi: That's a good guess. 3.6 million, but if you wanted to make it 5 million, it wouldn't be that hard. Five million bucks, what do you think is going to change when you have \$5 million?

Calvin: I mean, yeah, I wouldn't worry about those things anymore.

Ramit Sethi: You think? Just magically overnight, you're just going to stop worrying about all financial items?

Calvin: If it happens overnight, then yeah, I will magically, overnight, think about-

Ramit Sethi: It never happens. If you got five million dollars tomorrow, you know what you would be doing the night after?

Calvin: What?

Ramit Sethi: You'd be on Expedia comparing the prices of Holiday Inn, and you'd be like, let's get a suite at Holiday Inn.

Calvin: I don't think so.

Ramit Sethi: Believe me, you think you would magically change an entire lifetime of restricting yourself just because you have money in your bank account, but you already have hundreds of thousands of dollars and you still treat money like you're poor.

Chantha: I think Calvin is very hard on himself and he's very modest as well, I try to get him to celebrate even small wins and it's really hard for him to do that. And so, hopefully, coming from somebody else like you and not me, I feel like I'm his biggest cheerleader anyway, but coming from you, I hope he internalizes that and starts appreciating what we have, and worrying a lot less, and having a lot less anxiety, because I feel like a lot of the times, it's what's in his mind that hurts him.

Ramit Sethi: One of the best ways to learn is by actually doing it, so let's try it right now. Let's dream a little. I'd like you to take 30 seconds to think about what is on your bucket list, the things you want to do in the next 10 to 15 years, big things.

Calvin: I'd like to be able to travel and go to those multi-country trips and do all the excursions and do all that stuff, and not to worry about what's it going to cost. The only other country I've been to is just London once. That's it. I've never been anywhere else.

Ramit Sethi: What's the place that comes to mind first, if you could go anywhere?

Chantha: I want to go back to Southeast Asia. My aunt lives there right now in Cambodia and I've always wanted to—she donates a lot to the temples, and I think a few temples now, and she's retired there, but we've always talked about the schools there. I'm a teacher. And so, there's lots of just time I want to donate to either teach English, to help rebuild the school, to do something good like that, who partnered with my aunt to help the community, because that's where my family is from.

Calvin: I want to go there, too. We talked about it and we [indiscernible] to eventually do that. Originally, it was last year, but pandemic, we canceled it. We held off on booking, I think because we weren't sure what was going to happen.

Ramit Sethi: So, do you think you'll go when you can soon?

Calvin: Hopefully, next year. Because right now, I would still be the way I am and still probably factor in the cost of everything.

Chantha: He would probably stay with my aunt, where I would want to go to the hotels, because they're so much cheaper, and our dollar goes a long way there, and I would not want to stay with my aunt.

Calvin: I wouldn't want to stay with her aunt. I probably wouldn't pick the resort there that's equivalent to a Four Seasons or that's equivalent to a Ritz Carlton.

Ramit Sethi: How come?

Calvin: I don't classify it as being that level. Let's say that's like a 10, we don't need to stay at 10, we can stay at a seven or eight.

Ramit Sethi: I love that you both are into going to Cambodia. I love it. I would like for you to both sit down, and I'd like you to talk about a dream trip. When you first start conceiving this trip, you're not going to talk about cost, then you're going to think about how much you can afford, and then you can go and plan it. I suspect that both of you may disagree on how much you can afford. Does anybody have a sense of what number you think you're going to come up with?

Calvin: It's like 6,000.

Ramit Sethi: Okay. Chantha?

Chantha: Yeah, I was thinking 10000.

Ramit Sethi: Oh, you guys are in the range. Seriously, at least, it wasn't 6,000 and 60,000. You guys are so close. Do you realize, that \$4,000 out of \$250,000 of income every year, is like nothing? That's awesome. Calvin, let me ask you a question. If you said six and she said 10, do you trust Chantha?

Calvin: With?

Ramit Sethi: Anything.

Calvin: I don't trust her with making—I wouldn't trust her to like book a trip for me or something.

Ramit Sethi: Why is that?

Calvin: Because it's got to be Four Seasons, valet parking, has room service left and right.

Ramit Sethi: And what's going to happen if she does that?

Calvin: The premium package and stuff.

Ramit Sethi: And what's going to happen then? This is called the, so then, what technique? When people are worried about something with their money, I ask them, so then what? And I ask them again and again. And usually, the very thing they fear is not that big of a deal at all.

Calvin: It's going to be a big deal at the end.

Ramit Sethi: And what happens then?

Calvin: We can't afford it. I'm answering this question based on how I feel right now.

Ramit Sethi: I get it and I respect you for being so honest. He's almost there, but I just need to get Calvin a little more comfortable with the idea of spending, so I'm going to do an inversion exercise with him. Let's rewind, and this time, I want you to answer every answer in the opposite way you just answered it. Just play for just 20 seconds with me. Watch. Do you trust Chantha?

Calvin: Yes.

Ramit Sethi: Would you trust her to book a trip for you?

Calvin: Yes.

Ramit Sethi: If she booked a trip for you, would it be at a beautiful hotel with beautiful room service and all that stuff?

Calvin: Yes.

Ramit Sethi: Could you afford it?

Calvin: Yes.

Ramit Sethi: Okay. How did that make you feel to say? Can we do this for real? Because first of all, you can afford it, and second of all, you have a trip coming up, so let's just play it out. I'm not going to tell you what to say. It's your money, both of your money, and it's your answer, but let's play it out, Calvin. Do you trust Chantha to book a trip to Cambodia for you?

Calvin: Yes.

Ramit Sethi: Chantha, do you understand where Calvin is coming from when he's sometimes concerned about you booking a trip for him?

Chantha: Yes.

Ramit Sethi: Okay. Calvin, do you think that if Chantha booked a trip, it would be a memorable experience for both of you?

Calvin: Yeah, I know it will.

Ramit Sethi: Chantha, do you think you would ever regret going to Cambodia with Calvin?

Chantha: No. I hope not.

Ramit Sethi: Calvin, would you trust Chantha to handle all the airfare bookings for this trip?

Calvin: Yeah, I will.

Ramit Sethi: I think you should take a moment to celebrate that because that is amazing, what you just did. Chantha, what do you think?

Chantha: I just want to go hug him, and you, a hug as well.

Ramit Sethi: That simple answer you just gave me shows so much of what you've done in this conversation. Are you psychologically prepared to acknowledge that for a trip you take once every three years, the prices are irrelevant to you?

Calvin: Yeah.

Ramit Sethi: It's a big change.

Calvin: It's a big trip, and then the experience is going to be important, so I could trust Chantha with all the bookings and stuff.

Ramit Sethi: I love it. I love everything you just said. You talked about the experience, that's your money lens on this trip, and you trust her. What could be a better experience than starting by saying, "I trust you"?

Podcast Episode 4: My wife didn't know I had \$450,000 in debt until yesterday

Synopsis: John has a lot of debt. Wendy knew about the \$450k he owed when they started their relationship, over ten years ago, but she only found out what the current number is the day before their call with me – and the number has gone up!

She wants to help him pay it off but he refuses to allow it. John insists that everything is under control, but Wendy doesn't believe him. He makes a plan, then sets it and forgets it. She needs to check the status and cross things off the list.

Underneath all of the financial questions, there's a deeper conflict: he wants another child. She doesn't feel ready. Does money play a part in her reluctance?

As you listen, notice that John and Wendy are calm, collected, and love each other – even with \$600,000 in debt! I've spoken to couples who were more stressed out about \$20K of debt. They have the trust, but they need help to get clarity.

John and Wendy's story is inspiring because it's not like they're bickering over who wastes money or who doesn't appreciate what their partner spends on them. The real problem here is that they both love each other so much that they're willing to fight to protect each other from themselves. Wendy wants to help

John because she doesn't want him to tackle things alone. John won't let her because he wants her to be able to spend her money on herself.

Listen for their revelations and breakthroughs around money and building a Rich Life.

Podcast Transcript:

Ramit Sethi: Here's something I want you to notice, as you listen to these two today, notice how they talk about their day. Notice how they talk about each other. Do they sound overwhelmed, or stressed? Can you tell that they love each other? I think you'll be surprised as you listen in on this couple. Remember, with \$600,000 of debt.

I'm Ramit Sethi, and this is the I Will Teach You To Be Rich podcast, where we listen to real couples sharing real stories from behind closed doors about money. John and Wendy have been married for 10 years. They have a young child, Emmett, who you'll hear from time to time in today's recording. That \$600,000 of debt that they have is like a ghost in their relationship.

It sits between the two of them, haunting every decision that they make. John wants another kid, Wendy doesn't even want to think about it until they pay off that debt. John feels comfortable because he's got a plan. Wendy feels totally in the dark. Today, we're going to listen in to John and Wendy tell us about how their debt is affecting their relationship. John, when was the first time you told Wendy about how much debt you have?

John: From my recollection, I told her pretty early on, probably immediately after dental school. I told her that I was about \$450,000 in debt, totaling from undergrad and dental school as well, and that was about it. That was the first time I told her.

Ramit Sethi: What was her reaction when you told her that number?

John: Her reaction, I remember, was it was a lot just because compared to hers, I felt like she had some help from her family, which is awesome. I admire her mom a lot. So, her reaction was one of surprise.

Ramit Sethi: Yesterday, right before this call, they filled out a questionnaire, where they included their financial details. Wendy didn't know how much debt they had, and when she saw the number, let's just say, she was surprised.

Wendy: He was filling out the questionnaire. I think that's when I was like, oh, yeah, so how much is that number now? And I'm expecting it to be way less because we finished dental school 10-plus years ago. So then, when I heard the number get bigger, and I was like, oh, no. So, I guess recently-

Ramit Sethi: Yeah. What was your feeling when you heard that number was higher than it used to be, not lower?

Wendy: Trepidation. Yeah, fear. It's like I want to cry like, oh, my God, how come it's not getting any lower?

Ramit Sethi: Did you two talk about it when you heard that number?

Wendy: Kind of. I think he was just like, it's okay, it's fine, it'll be fine. He was just kind of like, it'll be okay, Wendy. Like it's my problem. I'm going to take care of it.

Ramit Sethi: Notice that tactic, one partner telling the other, don't worry about it, and then layering on, it's my problem, which isn't very satisfying in a relationship with two people. When you hear that, how do you react to that?

Wendy: It's annoying.

Ramit Sethi: What do you mean?

Wendy: I'm on the side, saying like, I want to help you like we're a family, and he's like, I'm this macho man, I can take care of myself.

Ramit Sethi: Lots of men are raised with a deep belief that we have to take care of our family financially. And until recently, that was very, very common. That belief is so deep, it's so invisible that I call it an invisible script.

Are you a macho man?

John: No, I don't consider myself to be a macho man. I felt like it was something that I chose to undertake. It was my responsibility. Even before we got married, even before we got engaged, I felt like this was my choice, it's my responsibility, so why would I knowingly have my wife undertake that responsibility, too? Because she's already paying her loans, and she's almost done, right? So, why in the hell would I want to add even more to her plate?

It doesn't make sense to me at all. It's on an automated path, ready to, it's set to, again, complete in about 10 years. And initially, the first, I think, year or two, I was paying it very aggressively to the point where like I would be very cheap on like money, cheap on like I wanted to stay home with my parents, coming back from dental school, and I didn't want to live like that.

So, I put it on the income-based repayment plan so that we could actually start enjoying life more, move out, and do things that we enjoy, and also plan for him, too. I don't consider myself to be a macho man. The reason why I say, don't worry about it, which again, it's probably not the right way to phrase it, is because I care about her, and I don't want her to stress out about something that I, one, consciously chose to take on, and two, I feel like it's my responsibility. And I don't want her to worry about it. At the core of it, I don't want her to worry about it.

Wendy: But I am worrying about it.

Ramit Sethi: You are worried.

Wendy: Yeah.

Ramit Sethi: Yeah. John doesn't want Wendy to worry about it, okay, except that his very behavior is making her worried. So, what do you think is going on here? I think it's tempting to jump right into the solutions, but I have to tell you, I don't understand the full picture yet, so I want to probe a little bit and see if we can pick up some more clues. I know the number is big. Together, the two of you owe about \$600,000, but why is that a worry to you?

Wendy: I feel like it's a huge weight that we're both carrying and so I don't want to take on anything else. Like John wants a second kid, he's thinking about it, and I'm just like, no, like we have to pay this off. We need to make this into a manageable amount, and then we can do something else.

John: I feel like it's probably, maybe something a vestige of the way I tend to deal with things.

Ramit Sethi: Ding, ding, ding. Here we go. I can already tell this is a real clue.

John: So, she is much more organized than I am. She keeps a calendar and everything. She's kept a calendar since she was in middle school, I believe. And she is very, very meticulous with everything. She plans she's like incredible with keeping up to date with things for our son, planning a lot of things, right? And I'm very like-.

Wendy: Play by ear.

John: Play by ear, but also, once I kind of set it, as I forget about it. Once it's there, once I have a system in place that is automated, and it's like, okay, it's out of my mind. I may seem lackadaisical about it and I

may seem very nonchalant about it. I'm intense about certain things, but I'm very, very lax on a lot of other things. And I feel like that may worry her when it comes to this money thing, too.

Ramit Sethi: Very, very interesting. Do you have a hint of the real problem yet? I think I'm starting to develop my theory now.

Wendy: I agree with John. It is like our personalities that I want everything to be done, like I want to check that box. I like to create something, so I can make a box and I can check it. I'm totally like that. And for example, his emails, it's like 10,000 unread emails, and I'm like, oh, my God, that is so terrifying. And I'm just like, please let me help you, I want to help you.

Ramit Sethi: Do you manage his email for him?

Wendy: No. When I see it, like if it's on, I'm like, oh, my God. Like right now, it's on, I'm like, it's like 30,000, and it's just like close it, minimize.

Ramit Sethi: John thinks that he's got everything under control, and to give him some credit, sounds like he actually might have a pretty good plan, but that's not the real problem here. The situation is causing Wendy to feel stressed out. I want to know what she believes their situation is. Notice that they each have a story of the role they play in this relationship.

John describes himself as carefree, a guy who puts a system into place, and then doesn't worry about it anymore. Wendy describes herself as someone who loves to-do lists and someone who's bewildered and overwhelmed by unread emails. How do you think those two identities are affecting this situation? I'll give you a hint. This is not a math problem. It has very little to do with that number, \$600,000. Wendy, do you think that John has it under control?

Wendy: I don't know. Yeah, I don't know if he does.

Ramit Sethi: Do you want to ask him?

Wendy: Do you—well, he's going to say yes, but I don't know for sure.

John: But ask me.

Wendy: Do you have it under control?

Ramit Sethi: Definitely.

Wendy: I don't know. I've heard that before, too.

Ramit Sethi: And has it not worked out when you've heard that before?

Wendy: So, because the COVID, our health insurance, for sure, was like a topic. And so, I would be like, are we okay on the health insurance, like is everything okay? And then, he's like, oh, I stopped paying that. And I was like, what? And he's like, well, we're not working and we don't need it right now. And I was just like, what? And I just thought that was taken care of and it wasn't.

Ramit Sethi: So, when John tells you, I got it under control, you're hearing him, but it seems like maybe you're not believing him. How could you find out if he had it under control?

Wendy: So, I would have to like to look at everything, like hard evidence.

Ramit Sethi: Okay. So, you've turned into a CSI detective.

Wendy: I have, yeah.

Ramit Sethi: Okay. Got it. You're putting on like the suit-

Wendy: Detective DDS.

Ramit Sethi: Amazing. Okay. So, you're going through it with a fine-tooth comb, you're looking at everything, you're using all kinds of X-ray-type stuff, and what would it be under control mean to you? You have to probe people's language. People talk about using money to be secure. Ask them what secure means. Most of the time, it's a feeling. Some people talk about feeling comfortable or not feeling rich. Ask them what they mean. You'll be surprised by what they tell you. What would having it under control mean to you?

Wendy: So, something that specifically is frightening to me is because he's saying 10 years, but I don't know like, for sure, if that's true. Like he said before, like, oh, there's a specific like 20-plus years and it'll get paid off, but I don't like to see a form or like I don't see something that says like, oh, this is the date. Once this date is here, you're clear. If I see that, then I'll feel a little bit better.

Another thing that is frightening to me is because I don't—so let's say this is paid off this specific day, but then I'm not sure if that's like the number that we should be paying off. Like there's all this like logistics stuff, where I'm like, what's the good number that we should be paying this loan off? Is dragging it on this long, is that a bad idea? I just don't know what to do.

Ramit Sethi: Okay. That makes sense. Should you pay it off in six years?

Wendy: Yeah.

Ramit Sethi: Should you stretch it out for 18 years?

Wendy: Yeah.

Ramit Sethi: So, let's say that you got an answer to that and it was one of those numbers, could be six, could be 18, whatever the number may be, and you saw the form, and it said, yeah, based on your goals and lifestyle, this is the amount you should pay each month, and that means it's going to be X years. How would you feel then?

Wendy: I would feel really good.

Ramit Sethi: Okay. Good.

Wendy: Because I understand like payments. I do that myself. I have everything nice and laid out. I'm like, okay, when I'm 37, this will be all done, and then like I'm ready to do something else. Like I can help pay off John's loans. If I have everything nicely organized and laid out, then I feel like I have control over the situation.

Ramit Sethi: And how do you feel right now?

Wendy: I don't feel like I have any control.

Ramit Sethi: If I'm hearing you correctly if you were to get that in an organized way, you would feel extremely comfortable with it.

Wendy: And also, if John is willing to let me help him.

Ramit Sethi: What is that?

Wendy: So that that number can go down faster.

Ramit Sethi: Now, we understand what comfortable means to Wendy. What did she tell us? She told us she wanted to see more details about the payments. She wants to know their options. She wants clarity on whether they're using the right debt strategy. And did you catch this little offhand comment she made? She wants it to be organized. She just kind of offhandedly mentioned that, but it's a really important comment. I want you to file that away for now. She also mentioned she wants to help John out with the debt.

Wendy: We're partners, right?

John: Mm-hmm.

Wendy: And so, I feel like we're helping each other with everything else, oh, do the dishes, and then I'll Emmett down, and can you do this? And then, we'll do this. Like you put laundry away and I'll take it out. Like we're doing things every day daily together, but in this aspect, it's, no, I can't let you do this. So, that's confusing to me.

Ramit Sethi: Why do you think that in this one area of life, he's keeping you on the sidelines?

Wendy: Well, I guess what you said earlier like you want to take responsibility for your education money.

Ramit Sethi: You're hearing him, and you're repeating what he said, that's true, you are remembering it, but it doesn't sound like you resonated with it or believe it.

Wendy: Yeah, I can hear the words, but I'm just like, well, I don't get it.

Ramit Sethi: Is that because you see it differently or is there something else driving it?

Wendy: I think for me, it's just a very simple decision like, oh, you need help, I'll help you, so I don't understand why it is so complicated.

Ramit Sethi: What about her request? She made two major requests for her to feel more comfortable. Did you catch what those were?

John: One was the form, or having like a very clear set date or in terms of like what's owed and confirmation that what I'm saying is true to her.

Ramit Sethi: Yeah, that was the one. That's correct. And what was the second?

John: I believe the second one would be for her to contribute and help me make the payments.

Ramit Sethi: Yeah. Okay. So, let's talk about each of those. What do you think about the first one? She wants the evidence locker with a full accounting-

John: She wants to get to court and everything. There is a document. I mean, it's through the government, right? I can provide her with those terms and conditions for sure, but it doesn't say an exact date, it does say if you continue to make payments, and it's not broken up, for 20 years, then it will be forgiven, it will be absolved, essentially,

Ramit Sethi: And you would feel comfortable sharing that with Wendy?

John: Definitely.

Ramit Sethi: Okay. That's cool. That's problem number one of two solved right there. We're halfway there. I have to tell you, I wish I had stopped right here and celebrated with both of them. This is something I call taking the win. They just came to a huge agreement on something that's been plaguing them for years. And when this happens, it's a rare opportunity to pause, take a second, acknowledge it, even do something goofy, get a cake, put some candles on it, go to a movie, whatever. I don't think we celebrate enough. So, my bad on that one, I wish I had done it. But problem number two is the crux of this issue. Will John let Wendy help him pay off his debt?

John: No. Just because I—okay. I'm going to take a step back here. Again, it's my responsibility. Well, it's my responsibility, right? It's my responsibility, but not only that. She, again, is intensely loyal to the point where she's sacrificed, I believe, a lot of her passions, her hobbies for some time now when she became a mother, right? As it can be very common for mothers to do, they put their passions to the side, and she's done that. And I feel like for me to ask her after she's paid off her debt, right, for me to ask her to pay some of mine, too-

Wendy: But you're not asking me, I want to do it.

John: Okay. For her to pay towards my debt, even though I see no reason to pay extra to the debt that it will be paid off or it will be completed no matter what you do, right? If I continue what I'm doing right now, it will be done. So, for her to use her fund money, the money that she is working so hard to come by towards that, to delay many things that she could be doing, she could be pursuing her passions like art.

Ramit Sethi: Here's what John is saying. Because of his income-based repayment plan, the debt is going to be forgiven in a matter of years, he just has to keep paying some amount towards it. So, to him, it makes no sense to pay extra when it's going to be forgiven anyway.

John: There are other important things to me as well, and making more money just to pay more, the plan is set ready. Like if I earn less, the plan will require me to pay less. It's a conscious decision on my part to try to enjoy what I have in this season of my life with my son and with her as well.

Ramit Sethi: And in fact, he wants Wendy to use that money for herself.

John: She's an incredible artist. She could be spending money towards that, like the money dials that you talk about, she has turned everything into like one. You know what I mean? When I know that a lot of things to her are very, very important, I want her to be able to enjoy herself. She's worked so damn hard to get to where she's at and she's almost done paying it off, like why? Why would I want her to undertake that when it's not even necessary? It's not like a macho type of thing, because again, it's going to be done anyways. There's no point.

Ramit Sethi: John sees the spreadsheet and Wendy wants to contribute, check the box. This is very, very common with partners and money. Wendy, did that answer your question?

Wendy: I think so.

Ramit Sethi: Do you remember what your original question was?

Wendy: Yeah. Like if me helping it would be a waste of money.

Ramit Sethi: And what did he say to your question?

Wendy: He said a lot.

Ramit Sethi: I don't think he answered your question.

Wendy: Well, then I agree. What's the answer?

Ramit Sethi: Now, we're getting a little closer here. John, you have thought through what money means to you, and you have forms, and you chose an income-based repayment plan, and you've been working on a plan. I get that. I don't think Wendy gets that, and I don't think you have shared all of the decisions you've made that roll up to this pay-off date. You might be doing the right thing, but if your partner doesn't understand what you're doing and why, of course, they're going to be nervous.

Ramit Sethi: Of course, they're going to be skeptical. Most of us think about making the right decisions in life, but we rarely think about how to communicate them with the people around us. That's true at work. It's also true at home. It's quite complex, the decisions you've made. They involve the government, they involve interest rates, and then they involve time. And then, the most complex of all and most individual is how you see money.

Ramit Sethi: And I think you see money differently than Wendy. So, by not sharing all the logic behind your decisions, you leave Wendy in the dark. And Wendy, I can imagine you used words like trepidation and just overwhelm, it doesn't surprise me because you're not privy to any of the layers of John's decision. So, John, when you reassure her, you tell her, don't worry, what do you think her first reaction to that is?

Wendy: Worry. Don't use the negative word, John.

Ramit Sethi: Yeah, it's like me starting to sweat, and someone saying, don't sweat. You know that she worries especially around certain topics, I'm guessing. Everyone has their own areas. But Wendy, I also heard you say you like to check boxes. You said you create boxes just so you can check it. So, I know a lot of people like this, and one of the things that box checkers do is they want to pay the debt off immediately.

Wendy: Yes.

Ramit Sethi: They do not want to stretch it out. And often, when I talk to them, we talk about, for example, whether I should pay off my mortgage or stretch it out and invest the rest. And mathematically, in a lot of cases, it makes sense to just stretch it out, stretch out your car payment, or stretch out your mortgage, and then just pay the minimum, take the rest, and invest it. But box checkers look at me like I'm a Martian. They're like, I don't care what math you're showing me, I am paying this debt off as fast as I can. Would you say that that is the case for you?

Wendy: Yeah, because the total amount was 400, and now, it's 500 with more time passing by, so that doesn't make sense to me.

Ramit Sethi: John, I'm sure you have a great answer for it, especially considering you have income-based repayment, et cetera, but the fact is, if Wendy doesn't know, she's in the dark. And when you're in the dark about something, oftentimes, you spin into the worst possible outcome.

John: I'm going to be real honest with you, we've talked about this at least five or six times. And even with the most recent time, it was a very heated topic. I think because it's been so heated every single time it's come up, I would rather not deal with it. Because in my mind, this is maybe me being stubborn, but I'm already set on doing this. And this is going to sound wrong, but no matter what I try to do, no matter what I have tried to do, I have not been able to comfort her with this. I don't want to deal with that stress, the

bombardment of her like, what are you doing, like, are you kidding me, and all the things. My main stressor is probably her getting stressed out.

Ramit Sethi: This is normal. Every person in a relationship knows some topics that stress your partner out. And after a while, a lot of us decide it's just easier to not talk about them at all. But what if you could bring them up in a safe way? What if you could change the way you talk about the topic, so your partner listens to you and sees it from your point of view? I can't promise that they will always agree with you and it might take some time, but I usually find that with topics like these, we've gotten stuck in a rut.

We're saying the same things over and over, spinning. Sometimes, a fresh perspective can change the way that both of us approach it. John, I think you could open yourself up a little bit and say something like this, you could say, look, I understand you want to help me, I know you're loyal, you love me, and we're partners. So, I thought about this and I thought about what options we have.

You're going to be done with paying off your debt soon, that's going to open up about \$2,000. Now, Wendy, we're going to have \$2,000 a month. Here are the options, one, yeah, you can put all of that towards my debt, and here's what the results would be. It's not my choice, but I'm going to put it out on the table and I'd love to talk to you about it. John, how do you think Wendy would react if she heard that option on the table?

John: She would feel heard, I think.

Ramit Sethi: Doesn't mean you have to do it, but at least it's out on the table. It's about working out the plan.

Wendy: That would be awesome, John, when you do that.

Ramit Sethi: And how do you think that conversation would go differently than the last time you spoke about this debt?

Wendy: It would be a lot smoother, not as he did.

Ramit Sethi: Why?

Wendy: When we have discussed it, it's not specific, it's just the general, it'll be fine, very general. I would like that.

John: It's more like a collaborative type of thing.

Ramit Sethi: Amazing. Amazing. Partners. This is it. You're both putting skin in the game and it's amazing. Maybe Wendy ends up contributing some amount of money, maybe not, but one way or another, she's going to contribute to this decision. And that is magical. That's what partners do. One of my philosophies when I travel is skin in the game. Skin in the game means, have you ever gone traveling with somebody and you kind of plan everything, and then they get there, and they start complaining, and they go, oh, I don't like this, oh, this breakfast sucks, and they just kind of cross their arms?

And I hate it. I decided when I travel, everybody's got to have a little skin in the game. And it could be as simple as you're responsible for planning our dinner on Thursday. And hey, you've got a two-hour block in the middle of the day, find something cool for us to do. That's it. On a whole week-long trip. That's it. But guess what? When they do that, they suddenly appreciate how hard it is to plan something like this.

And so, I remember taking my parents on a trip, and we went to Italy, and I wanted to make it even lower stakes than that, so I just had them come to a cooking class, where we all had our hands in the dough. We were tactile. We get involved. Went so great, because people put skin in the game. When you two both put skin in the game, it could be as small as a cooking class, meaning, just tell me what you think of these options, let's talk about it, or it can be as big as contributing \$24,000 a year to this debt. That's huge. That's up to you two to decide. But the two of you come together, and suddenly, you're jointly solving this problem, it changes the dynamic completely.

John: Yeah.

Ramit Sethi: John has other options, too. Wendy could pay a little bit towards his debt and use the rest for herself or she could pay zero and use all of her money on herself. But just start with one, and lock in the win. And there was one more thread that I heard from them that I want to pull, remember, this conflict started, because John was so protective of Wendy that he wouldn't let her help with his debt. Now, I want to understand how she sees money in their future life. Now that we feel more comfortable with this debt, which is awesome, Wendy, you mentioned something a little while ago that caught my eye. And you said, there are open questions like, we don't know if we want to have another child until this debt is paid off.

Wendy: Yeah.

Ramit Sethi: So, does it feel like this debt is preventing you from moving forward?

Wendy: For sure, it is, yeah.

Ramit Sethi: In what ways?

Wendy: Well, specifically, of course, the second child, we've been talking about it for quite some time, buying a house. Whenever we do make any kind of decision, it's always like, well, we shouldn't do it, because we still have a lot of money that we have to pay off.

John: Yeah.

Ramit Sethi: And do both of you feel that way?

Wendy: No.

Ramit Sethi: Okay. So, Wendy, you feel that way, and John, you're like, I got my plan, let's move on, I want to talk about the rest of our lives. Okay. Remember earlier, I mentioned that offhand comment that Wendy made, how she loves things to be organized, and she loves checking the box and creating to-do lists. It's really hard to think about a rich life when you have \$600,000 in debt. But I don't think you can wait until you've checked every box to start living that rich life, to start moving forward. That's perfectionism and that can be crippling. Sometimes, you have to go backward and forward at the same time.

Wendy: Planning a kid, I want to know like how much money for insurance, and then how much money for delivery. And then, like all this stuff, I want it all laid out. And then, John is more like, we'll play it by ear, we'll figure it out as we go. And I'm like, that's not a plan.

John: That's fine. But for things like this, it's almost like saving up for retirement. And then, in the whole process of it, you don't enjoy your life, you miss out on the various stages of life because you're saving up for this like far out the date, like biologically, if we were to have another kid, it better happen like in five years or so, right? So, if you wait for 10 years, then you are not going to be able to have a kid unless you adopt. You know what I mean? So, why put that on the back burner?

Ramit Sethi: I have a couple of questions for you, Wendy. Do you want to have a second child?

Wendy: I think the idea of having a second child will be fun for Emmett, but like, I don't think I want to birth another child.

Ramit Sethi: When it was just the two of you, before you had Emmett, if someone had told you, Wendy, you're going to put your art on hold for years and maybe your sleep on hold for a while, too, and you're going to take care of this little one for a long time, how do you think you would have reacted back then?

Wendy: I would say, that sucks.

Ramit Sethi: Yeah. But now, how do you feel?

Wendy: It's great.

Ramit Sethi: It's so easy to focus on the negative, but we can also flip that to focus on the positive. Thinking back, she would have told herself that having a kid sucks but having gone through it now, she realizes there's also a lot of joy. By the way, my wife wants to get a dog. My first response was he'd slobber. We'll have to take the dog for too many walks. He's going to restrict our ability to travel. I'm focused on all the bad things. She just thinks it's going to be amazing. It'll be great for bringing us closer together. See the difference in perspective? By the way, just in case my wife is listening, I still don't want a dog. I mean, having kids, it's going to be both of you forever.

Wendy: I have a pros and cons list already.

Ramit Sethi: You do? Is it color-coded?

John: Probably.

Wendy: Is it? No, it's just regular.

Ramit Sethi: Well, it seems to me that with the ghost of his big amount of debt that initially when we first started talking, that was something that it seemed hard to move on to these other decisions while this thing was still hovering. And I talk a lot about people who are driving in the fog. It's hard to see past your headlights. And so, I might tell them, oh, yeah, five miles down the road, there's this awesome restaurant, and they're like, all I can do is see 25 feet in front of me, it's impossible to see past the fog. But now, I feel confident with the two of you being able to talk about this debt and make a collaborative plan on that. So, once you can say, okay, we've decided that we're going to put this much towards it or not, it's going to be paid off in this many years or that, do we both feel good? Great. Now, you can start talking about the next part of your life, whether or not to grow your family, whether or not to travel, whether or not to both work full time. Those are questions that I think once you tackle, the ghost will become a lot easier.

Wendy: Yeah, I agree.

John: Yeah, I agree, too. I tried to reassure her like, look, I'm okay with not having another kid. It's not like I have to have another kid, you know what I mean? But preferentially wise, it would be nice. I want her to make a decision and know that I will love her no matter what choice she makes.

Ramit Sethi: I think that's amazing.

John: It just confirms for me that she is so loving and she wants to do this together. And I get it. She wants to be a part of my life. She wants to help me in any way possible. She's always been that way. She's intensely loyal and she's willing to do whatever it takes. It just confirms to me who she is.

Ramit Sethi: To see this dollar amount, which is a large amount of debt, and to see you both talking about it and communicating in a way that you're inquisitive, you're asking questions, it's quite rare. I've had people with 1/20 of the debt as you have, and it has truly aggravated their relationship. John, you're right, I think Wendy is a super supportive partner.

John: I feel like she has not allowed herself to dream, and this is what I've wanted for her.

Ramit Sethi: We've spent this episode hearing what Wendy wants for John and for them, which is to get clarity on that debt, to pay it off, and move forward in life, but now, we're finally hearing what John wants for Wendy.

John: I want her to be able to dream and think about herself selfishly because she has been so unselfish ever since I met her.

Ramit Sethi: What is your rich life, for each of you? Let's say, over the next 20 years.

John: I want to at least contribute to buying a house for my parents. I want a house or a place where we live, where Wendy has a separate room, where she has almost like an art studio for herself, where she can just paint, do art, just have her own time, right? I want to have a nanny or a housekeeper, right? So, we don't have to wash the dishes, do all these things, and enjoy life, just being able to do the things that we love, like having the time to do that, too. And in terms of our love, I want to have trips with only her, like long, extended trips at least a week, just her and I so that we can connect again. I want to have vacations at least for a month, at least once a year.

Wendy: Wow, that's a lot.

Ramit Sethi: What about you, Wendy?

Wendy: My bucket list, is to travel more. Regarding work, John knows this about me, but I love being a dentist. Like everything about it, I want to work until I'm like an old lady. So, I would still be working, but maybe three days.

Ramit Sethi: Okay.

Wendy: Three or four days.

Ramit Sethi: And what would you do on those other days?

Wendy: Yeah, I would do my arts and crafts stuff.

Ramit Sethi: What do you spend more time on? Go ahead.

Wendy: This human, Emmett.

Ramit Sethi: Of course. Of course.

Wendy: And I know John was saying this earlier that I have put a lot of stuff on hold, but I guess the way he said it sounds really sad, but I don't think it's sad.

Ramit Sethi: You've chosen to do that?

Wendy: Yeah, like I enjoy doing it. I love doing it. Emmett's at this age where I can do arts and crafts, and we can do that all day. And I'm just like, we had the best day today, we did play with stickers, we drew, and I had so much fun.

Ramit Sethi: I think for the two of you, when you start with dreaming about what you want to do, and could be as simple as, you want to go to an art class once a week, awesome. I mean, that's funny, because

that's what John mentioned in the first few minutes of our call today. I want her to get back into her art, if that's your thing, great, or it could be something as big as buying a house for your parents, John. But at least you can start there, and then when you talk about your debt and you talk about what are the options we want to do, now, there's a reason, why are we going to have this extra money and what do we want to do with it? Now, it could go to debt, certainly could, but maybe it might be better served going towards something else in your life. You both work hard. There's got to be something besides just checking boxes.

There's got to be something beyond just checking boxes. If John and Wendy decide to put more towards their debt, that's certainly an option. If they decide to put more towards art classes or travel together, that's also their decision. Their rich life is theirs. But I do believe there's got to be something more than just checking boxes, something more than just moving on to the next thing. Money can be a source of joy, and possibility.

It can be a source of adventure and generosity. And I think those are the things that I challenged John and Wendy to think about, what is their rich life? Is it simply going down a list for the next 40 years and moving from one thing to another, or is there a richer vision, a real tapestry of their rich life that they can create together? That's my challenge for them. And I'll be very curious to see what they decide.

Podcast Episode 5: I paid off \$50,000 of debt, but I still feel guilty buying toothpaste

Synopsis: Sheena's paid off a huge chunk of her student debt. She has memories of her family's bad credit card spending habits and works extremely hard to not commit the same crimes. She can drop the debt payoff dates in a second (FYI: most people do not know this figure), and she updates a spending spreadsheet every Friday (she calls them "Finance Fridays"). Peter, her partner, has also made stealthy progress in paying off his debt and has a more optimistic approach to money. He wants to plan a trip to Japan for their 10th anniversary and decorate their apartment, but he's met with resistance. Sheena feels guilty putting toothpaste on her credit card. There's a voice in the back of her head tallying up a bill they can't afford when they "treat themselves" to a rare stay-cay in New York City. After paying off her credit card, she's left with a measly \$150 to cover living expenses. It's not enough.

As you listen, note how Sheena is terrified of money. She can't even feel proud that last year mid-pandemic, she paid off \$15,000 of her credit card debt! Her get-out-of-debt date is in clear sight, but she hasn't even dreamt about how she and Peter could enjoy their life together after they're debt-free. Living

by the numbers is hurting their relationship, but the prospect of interest and a bad credit score keeps her locked in.

Sheena is an example of good money habits gone bad. Obsessive tracking has spiraled from “controlling finances” to controlling her life, and by extension, Peter’s. Sheena needs to think beyond the math; otherwise, she’ll be terrified of adding toothpaste to the shopping cart forever.

Sheena and Peter’s story is an example of how we can punish ourselves unnecessarily when we grapple with finances with an all-or-nothing approach. But Sheena has the keys to get out of this money jail she’s sentenced herself to. Tune in to understand how just a few shifts to her money psychology and slight leeway to her payment plan will add more color to their lives as a couple without leaving them in the red forever.

Podcast Transcript:

Ramit Sethi: Welcome to I Will Teach You To Be Rich. I’m Ramit Sethi, and my guests today are Sheena and Peter, who are both climbing their way out of substantial debt. For today’s episode, I’m going to focus on Sheena’s debt, because it’s causing both of them a lot of stress. Now, Sheena has already paid off tens of thousands of dollars, and she also knows exactly when the rest will be paid off, but she just can’t seem to stop feeling bad about money.

She thinks about it all the time, when she’s at the grocery store, when she’s eating out, and also when she and Peter are talking about their future together. Now, within minutes, I knew there was something a lot deeper than the debt itself. Remember, this is seldom a math problem. Let’s start with her family. And as we go along, listen for the clues.

Sheena: We never really talked about money. Looking back now, as an adult, I see that there was a lot of bad credit card usage. My mom, actually just told me that she cut up her credit cards yesterday. I know that when I would help my grandmother pay her bills, I know she had a large amount of debt on her credit cards and she would only pay the minimum. But I remember thinking like, ah, this is never going to get paid off.

And when she died, that fell on the family. So, selling stuff to pay off the debt. And so, I don’t think my family handled money very well. It’s kind of frustrating, but also, I don’t blame them. I understand why they were in that situation or in that situation. When I was going to college, my mom was like, take out as many loans as you can, like the full amount. So, that’s what I did.

And so, I graduated with like \$70,000 of student loans. And I don’t think my mom realized what kind of burden that would put on me in the future. That constant debt, like I have to pay it every month, and it’s not cheap. It’s like \$400-and-some a month, and I’ve gotten it down a lot. I have around \$15,000 now left. So, it feels better, because I’m like, okay, it’s getting there. Like I’ve paid it down from 70,000, but yeah, it definitely like always felt like a burden or like this dark cloud over me.

Like I’m constantly thinking about my debt. Any time I have to or want to buy something, any time like I’m going to the grocery store, I’m thinking, okay, how much money do I have? Oh, I don’t have as much as I need. So, there are like health things that come up, like I just had to get an MRI, and it was \$500, and I’m thinking, well, now, I have to pay that off. So, it wouldn’t be that bad if I didn’t have the student loan debt, and then the credit card debt on top of that. So, I feel like I can’t pay for these necessities that come up.

Ramit Sethi: To people in debt, one of the most common feelings they have is one step forward, two steps back. There’s even a concept called the poor tax, where poor people end up paying more for things like shoes because they can only afford to buy poor-quality shoes. Those are the same shoes that break more frequently than higher-quality shoes. So, here in Sheena’s case, she’s making progress, and then something comes up that sets her back again.

After one time, two times, or three times, it’s not just frustrating, it starts to feel hopeless. You have to remember, that we’re not robots. If you and I try something and fail repeatedly, the vast majority of us just give up. So, when you look at Sheena’s behavior through this lens, one step forward, two steps back, I did everything right, and I can’t seem to get ahead, her feelings start to make a lot more sense.

Sheena: Like a year ago, we were talking about going to Japan. And it’s something that we wanted to do for our 10th anniversary, which is this year, and my first thought was, how are we going to make that happen? I have so much debt, I need to pay that off first. How am I going to do this? Like I don’t have

money saved. And then, I was looking into where we would want to stay and how much that's going to cost, because we don't want to go to Japan and stay in like a cheap hotel if we want to have the full experience, and it just kept adding up, and I'm like, how would I do this?

Peter: It's like a pretty common pattern, where I can see it in her face, I can see her calculating, like tallying things up. Before we even look at hotel prices or no prices at all, I can see her already concluding that we can't afford it. It's frustrating and it's also a bummer because it's supposed to be a nice thing. It's supposed to be the 10th anniversary.

It's not even about like staying at nice hotels, like if it's not in the cards for us to have this kind of extravagant trip, my thinking is always, oh, we can always find something that we would enjoy. It doesn't have to be extravagant, but I can see it in her face already that she's already decided it's not possible. And I think it's frustrating. I've always had this mindset, okay, we'll figure it out, and even if it's not the most ideal, we can find something that is enjoyable for us.

Sheena: I get frustrated, I think, and I kind of shut down, and I just give up, oh, it's going to cost this much. I just kind of go into the same thing where I'm explaining, I don't have this money set aside, I have too much debt, and we can't do this. I think it's just ingrained in me. I've been in so much debt for so long, like paying off student loans or I was kind of stupid in my 20s. And so, I'm like still paying for that as like a 35-year-old woman. And so, my plan right now is like, I need to put all the money I can into my debt and I need to get that off. I don't have this plan or way of thinking about where I live and live my life, and I think that is a very hard thing for me to figure out.

Ramit Sethi: Did you catch all those clues? Sheena feels frustrated by her debt. Okay. Fine. But then, Peter points out that she instinctively says no to anything for the two of them, meaning her debt is now affecting their relationship. And did you hear what he said? He said I could see it in her face, even for something like their 10th anniversary. Do you know what I found most interesting, though? In one sentence, Sheena says, she wants to give up, but then just a few seconds later, she says she has a plan and that plan is to put all her money towards her debt.

This is a really big clue. This is all-or-nothing thinking. The idea is that you either have to go 100% all in or you're a total failure. And this is the key to what's going on here. You feel bad for long enough, you either completely give up, or if you stay in the game, you're very likely to develop tunnel vision. Listen to Sheena as she grapples with this.

Sheena: He gets really upset because he wants me to be more positive and he wants to be able to do things with his money. And, sorry, it makes me feel bad.

Peter: It's okay.

Sheena: Makes you feel bad that I can't like those things,

Ramit Sethi: And if you could, what would it mean to you if you were able to think positively?

Sheena: I think it would be better for him and me, but I do think it would be more supportive of him. I think I have like an all-or-nothing mentality a lot of the times, which he's like, oh, no, we'll figure something out. So, I think that's exactly what happened, that I'm sitting there thinking about it, and I'm like, well, we can't do it.

Peter: Like for example, we're redoing our apartment, and when we were initially talking about it, she had this kind of reaction where it's like overwhelmed already before even sort of broke it down. And I even mentioned like, okay, maybe we'll just paint the walls or get rid of stuff. Just the idea of redoing our apartment overwhelmed her. It made me feel like I'm always taking the lead, whereas I want her to feel like she's a part of the process, too.

Ramit Sethi: Sheena, what do you think about what Peter just said?

Sheena: I'm sorry.

Ramit Sethi: You could take your time.

Sheena: It makes me a little sad that maybe he thinks I'm putting a lot of this on him to figure things out. And I do, I do kind of shut down. By the way, it is, because I get overwhelmed. And I don't know if that's just because I'm constantly stressed about debt and me, but it makes me feel upset. And it's hard because we never—I mean, we talk a little bit on the surface level about money, but I don't think we've ever really talked like this. And so, it's kind of the first time I've heard it. It's kind of like a nagging voice, just always there like, you shouldn't be buying this, you shouldn't be buying socks right now, you have socks, like stupid little things like that.

Peter: I get a sense of a lot of guilt following us around with how we spend money. For example, we just had a staycation in New York, and it's special that we split in all the stuff the entire time. Even though we were in this nice room, and we were ordering room service, you just feel it, it was like another person there, where it's like, do not enjoy this, you can't enjoy this, right?

Sheena: Yeah.

Peter: Even though we set money aside, we just couldn't enjoy it as much as we wanted to.

Ramit Sethi: Who's that third person there hovering over? Is it the same person that you said Sheena nags you in your head?

Sheena: Yeah.

Peter: I feel it.

Ramit Sethi: Did you know this? Sheena, did you know that Peter knows about this voice?

Sheena: I don't know if I knew.

Peter: I think you get a sense of it. Yeah, you get a sense of it. If I'm preempting your response to decorating the apartment or coffee, then I know it's there.

Ramit Sethi: Of course, you both do. You're a couple, you know each other, you don't even have to say anything.

Sheena: If I can stick to my schedule and nothing else comes up, it'll be March 2022.

Ramit Sethi: And when is your debt payoff date?

Peter: It is October 2022.

Ramit Sethi: I have to tell you that of the people I speak to who have debt, 95% of them do not know when their debt will be paid off, so you are in a very elite group of people.

Sheena: I probably look at my finances too much from what I-

Peter: Yeah, we should talk about that.

Ramit Sethi: Yeah, lots of hints here, lots of clues. First, I'm impressed that Sheena knows her debt payoff date. Almost nobody knows this. And that demonstrates, that she's not acting like an ostrich, she's not trying to put her head in the sand and avoid her debt. She's done some serious work to take control of her debt. And in fact, she's paid off over \$50,000. If you want to know how to pay off your debt and create a debt payoff plan, you could learn how by using my book.

But also, notice that she constantly beats herself up. Money is not a source of accomplishment to her. It's not opportunity or growth. It's guilt, shame, negativity. When you hate money, you will make very, very bad decisions around it. Listen as I probe about her feelings around money. When your debt is paid off, do you think your attitude toward money will change?

Sheena: I don't know. That's what I'm a little worried about. I'm worried that, I don't know, like that, I'm going to get to this place and that I'm going to feel the same way. Am I going to feel better when I get to that point? I hope so, but I don't know if I'm going to—I don't know if I'm going to stop worrying about money. Like I would love to not have to worry, oh, do I have enough in my checking account to pay for these groceries, or do I just use my credit card, because I don't have enough?

Peter: I think about it in terms of also like fitness and finances are very similar. And I think about, we got in shape for our wedding, and then we kind of slacked off a little bit afterward. And I feel like that's a possibility, too, if like even though her debt would be paid and she doesn't have this cloud above her, I still feel like she might have that guilt around spending money.

Sheena: I mean, it's a possibility because then I would be terrified like, oh, my God, I can't have anything on my credit cards, would be maybe a little scared to spend that. But I would be hoping that based on my spreadsheet that I do have, I wouldn't have to look at that intensely, because I wouldn't have all these little other bills to pay. I would be hoping that it would be okay because I would have my budget with how much I could spend, and then I would pay it off every month, which I've never been able to do before.

Ramit Sethi: I think that your attitude towards money is not going to change at all if you keep doing what you're doing. I think that you are going to pay off your debt. I have total confidence in that. And I think that you are going to continue worrying because it's comfortable and it's what you've known. You already have a plan, so if you were going to stop worrying, you would have already been doing it.

That little third party, Franny, or whatever we want to call her, Franny is going nowhere unless you force Franny out. And that takes a lot of work. That takes the work that you're doing right now. I know many, many people who pay off their debt, or even worse, they make a lot of money and they still feel the same way. And they thought that the money in the spreadsheet would solve it, but it's two separate problems. Totally.

Sheena: It scares me a little bit, because like I don't want to feel like that. I don't want to keep feeling like this. So, tell me what I need to do to change, so I don't feel like this in the future. I don't want to be living in a spreadsheet, but I do. I track every little thing that I buy. Yeah, I used to do it every night, but I don't anymore, I do it every Friday, my Friday finances.

Ramit Sethi: And how does it make you feel when you do it?

Sheena: It makes me feel in control.

Ramit Sethi: Oh, wow. Tell me more about that.

Sheena: It makes me feel like I have a handle on my money and like I'm doing what I need to do.

Ramit Sethi: Okay. Then, if that's true, then why do you feel guilty when you buy toothpaste? Okay. Listen closely. Sheena is about to have a breakthrough.

Sheena: Because I'm probably doing it wrong. I'm trying to pay off my credit cards maybe too soon, so what happens is that I put this huge chunk of money onto my credit cards and I give myself \$150 to spend for the week, which doesn't even cover my food anymore. So, every little thing I buy takes out of that \$150 a week and that runs out pretty fast, especially if, all of a sudden, I have to get toothpaste.

Ramit Sethi: You didn't budget for that, I'm sure. Nobody does.

Sheena: I did not. So, yeah, those little things come into play, and then I have to end up using my credit card again.

Ramit Sethi: And is there a realization you're hearing as you talk about this out loud?

Sheena: That I'm not budgeting properly.

Ramit Sethi: What does that mean, specifically?

Sheena: Like I am putting too much money into paying off my debt, but I just feel like I need to be paying it off fast.

Ramit Sethi: Almost like it's all or nothing.

Sheena: Yeah, I didn't even think of that. That all-or-nothing sneaks up on me.

Ramit Sethi: All-or-nothing thinking shows up again. This is the idea that if you're watching what you eat and you suddenly have a few chips, your entire day is ruined, so screw it, I'm going to have a pizza, chips, and ice cream. Either I'm perfect or I won't even participate at all. Now, of course, hearing this sounds absurd, we know that when kids start to learn how to ride a bike, they suck.

Every kid listening to this, you suck at riding a bike, you don't know anything, can't even stay up on those two pedals. But guess what, we don't expect them to be some racing champion. These kids are just happy. They're having fun. Yeah, they're just happy if they can ride upright for 10 seconds. But as adults, we are so unfamiliar with what it feels like to start from ground zero that we create these all-or-nothing scenarios.

Either we are 100% great or we're not going to play at all. Remember my 85% solution from my book? Getting 85% of the way there is better than dreaming about 100% and getting 0% of the way there at all. Yeah, of course, it hits us in every part of life. So, for just a moment, I want you to inhabit my world, what I would be saying if I heard somebody in your situation, and I'm going to repeat a few facts that they've shared with me, and then you play the role of me and you give me some advice.

So, here are the facts. I've had debt for a long time. I've paid off a considerable amount and I'm within striking distance of paying it off. I know the exact month and year. I check my finances every Friday, so I know it makes me feel in control. Throughout the week, things tend to come up, and then I overspend. I put it on my credit card. It makes me feel bad. I hear a third voice in the back of my head telling me, that's bad, you shouldn't do that. What advice would you give me?

Sheena: I think that maybe you shouldn't be putting as much into paying off your debt so that you have that amount set aside for things that come up during the week, but that feels very wrong for me to say.

Ramit Sethi: Why?

Sheena: Because having this high-interest debt is just adding—every month, there's just more and more interest added on to it, so it's just bad to have that much debt.

Ramit Sethi: What I want to point out to you is that money is multidimensional. You're looking at it from a mathematical perspective, which is great. We always want to understand the math. You know your debt payoff date, you know your interest rate. Awesome. But I want you to reflect on the moments when you

have gotten overwhelmed or visibly upset on this call. Let me give you a hint. It wasn't around the math. What was it around?

Sheena: Our relationship and how it's affecting that.

Ramit Sethi: Yeah. And so, you are following the rules, but they are the rules that you set up for yourself. And to tell you the truth, they're making you upset. So, what I see when I hear you are someone who has accomplished something extremely impressive, 70K to less than 15K is amazing, knows their debt, pays off debt, is willing to come here, talk to me, and engage with your partner, but I just see that this rule you've created for yourself is so tightly wound. It's like a rubber band that's ready to snap. And if I could simply suggest one thing would be, what if we just loosen that just a little? What does it feel like when you hear that?

Sheena: I think it's a little scary because then that means I live with my debt for a little bit longer, but I think it might be the right thing to do. I think it would make me feel a little bit more at ease [indiscernible] Peter.

Ramit Sethi: Alright. This sounds good. Let's figure out a plan of attack, starting with how much Sheena is spending. \$1,860 per month of credit card debt off, is that correct?

Sheena: At least.

Ramit Sethi: So, I want to say it's counterintuitive to slow your debt payments, but because you were both disciplined about your fitness journey, I'm going to use the fitness analogy. You know that if you cut your calories too much, it's possible that you just stop the program altogether. And I think we've all experienced this. We may go a little too aggressive, and then we just zoom back the other way, or perhaps you stretch it to 15 months or 16, whatever the number may be, but you're going to sustain it and not feel bad the entire time.

Most importantly of all, you are starting to work on your money psychology before the debt is paid off. You go down this route, you pay off your debt, you're still going to be feeling bad and you're going to have Franny sitting there in the corner for the rest of your life. To me, that's a failure, because, on paper, you're going to be debt-free, but I know so many other IWT readers, who have made so much money and are still living guilty lives, the guilt that they started feeling at the age of 15 or 20.

That's a failed rich life to me. Yes, you are going to pay a little bit more in interest. That's okay. It's rare for me to say this, but it is okay, because the rules for yourself are so stringent, they're causing you to not live a good life. And it's starting to have serious costs. It's starting to be a barrier between the two of you.

Sheena: Yeah, I see that, because last year alone, I paid off 15,000 just on my credit cards, and that was with partially not having a job, too, part of the year. So, I was, really, really strict and it was not fun. I don't even feel that much better right now paying all that off. So, I see what you're saying.

Ramit Sethi: Now that Sheena and Peter have a realistic plan, we need to do a little bit of what I call failure expectation. When we're creating a plan, I always like to talk about the risks, especially when people are about to change the way that they interact with money. I want to inoculate them against what can go wrong because it's going to help them understand what pitfalls to look out for, and that's going to make them much more likely to succeed.

Sheena: I mean there's going to be more interest, but I really can't see risks with it. I feel it will be less risky, because right now, if I run out of money in my checking, I'm going to my credit card. So, it seems safer to me in a way, a safer option in terms of the money.

Peter: Yeah. I don't see other than extending the timeframe for her payoff. I think the longer payment plan might scare her in the beginning, but if it will give her more time to enjoy her money and relax a little bit about it, she'll work through that and get over it after a little bit.

Sheena: I guess the worst fear would be just running my credit cards up so much that I can't afford to pay the minimum pay for rent and pay my student loans. That's the worst thing that could happen.

Ramit Sethi: And what happens then?

Sheena: My credit score goes down and I get charges on top of that because I'm not paying the minimum.

Ramit Sethi: And then, what?

Sheena: So, I'm just kind of like digging myself into a bigger hole.

Ramit Sethi: Yeah. And then, what happens?

Sheena: I don't know.

Ramit Sethi: I always like to ask, because we have these low-grade fears often. And with money, I would say yours has been more than a low-grade fear. You're talking about groceries and you're thinking about money. But when I ask what's the worst that could happen, it's, well, I might get more debt. Okay. What does that mean? Well, my credit score might go down. But who cares about your credit score? What does it matter? So, what is the worst fear? You think about your relationship.

Sheena: Very scary. It's just scary like it's making me emotional, thinking about it. I just think it puts so much stress on my life. And I don't think I realized for a long time how much stress it gets me. I don't want to have to think about it. I just feel like there's no end in sight. It's just the stress, and I don't want that. I want to be free, like I feel like I have this chain around me and I can't live my life, because if I buy something nice or I do something for our apartment, I just have this voice in the back of my head like, why are you buying this? Why aren't you paying off your debt?

Ramit Sethi: People who have financial problems love to talk about their problems. My job is to get them out of that cycle and to gently focus them on solutions. Here, I have a situation where Sheena's money psychology runs deep and it's affecting her relationship with Peter. So, what I did was I asked them to put themselves in each other's shoes and verbalize how their partner probably felt. And this is a difficult exercise. And I'm using it because it forces them to get out of their heads and out of their automatic responses.

Sheena: Okay. I'm going to try to think like how you think about the Japan trip, and if you came to me, how I did, I would feel very sad. I feel like you shut down the whole idea.

Ramit Sethi: Money is emotional. I would be surprised if you weren't. You're talking about something you've probably never talked about at this level.

Sheena: I think you might feel kind of nervous to bring up anything else in the future maybe, but you couldn't contribute to the relationship, because I would just shut it down, shut down an idea. So, maybe that would make you feel scared to communicate with me.

Peter: I would feel frustrated because I want to do things with you. I want to enjoy life with you, but it doesn't seem like I can, and it frustrates me, and it can make me feel like I am not part of—or I'm not fun, I can't be a part of this relationship, because there's something wrong with me. Like can I get out of this hole? And it frustrates me. And I know it frustrates you and I don't know what to do about it. That's why I feel like when I think about what you must be going through.

Ramit Sethi: Sheena, what do you think about what Peter said?

Sheena: I think it's pretty accurate. Yeah, I think I feel like I can't get out of the hole, because I've been in it so long. I guess what I would add is that I just feel like I can't enjoy life without feeling bad about it. I feel guilty. Yeah, I don't think we've ever really talked about that.

Peter: Yeah. We never really talked about-

Sheena: Life after debt.

Ramit Sethi: Yeah, you never have. Even though you had a debt payoff plan, you never once talked about what happened the day after. Well, let's start at the ground level. What if you could go to the grocery store, and never, ever think about how much toothpaste costs for you?

Sheena: That would be amazing.

Ramit Sethi: Just simple things in life, we start there. You do not have to price shop on this toothpaste, you just get it. If you want to get two, be my guest. Okay. What would the next level be?

Sheena: If we could try a new cocktail bar that we love to do.

Ramit Sethi: Great. How many times per month?

Sheena: Love to get one.

Ramit Sethi: And how many drinks?

Sheena: Three each, because they're nice.

Peter: Yeah.

Ramit Sethi: Yeah. So, part of changing your psychology, both of you, is to start to be able to dream bigger. We have earned the right to think bigger. What are you going to do the first month after you pay off the debt?

Sheena: We should go for a nice dinner.

Peter: We've gone to nice dinners. We always go to nice dinners. I feel like we should go upstate or something. Like we always talk about going on a road trip, going somewhere outside of the city, spending some time together, and hopefully, Franny is not there.

Sheena: Franny is not going to be invited along.

Peter: I feel like we will be able to talk about things more, and be, I think, more optimistic about things we want to do, or like redecorating the apartment, or trips, or even thinking about going to a nice bar when things open up again. Like I think she'll be more optimistic and excited about it, and I would feel less stressed in terms of approaching her or having to figure things out all the time. She's always worried about money, and I feel like we can feel more like a team with how we decide to spend our time, money, and lives together.

Sheena: That's what I was thinking, too.

Ramit Sethi: I love this episode because we had so many dynamics at play, Sheena's debt, her impressive payoff, but her focus on money as a source of stress, and shame, and of course, how that

was affecting her relationship with Peter. Here's my suggestion to you. Listen to this episode with your partner and talk about the conversation. Use this as a sounding board. Ask your partner what they noticed. Ask them if they've ever felt overwhelmed with money.

Tell them a time when you have. If you find that either of you is judging throughout this episode, pause for a second, try to understand the ways that you are irrational with your money, or that you are emotional, or just plain weird about money, you might be surprised. And remember, in personal finance, we overvalue math and undervalue psychology. This podcast is meant to help you change that.

Podcast Episode 6: We can't afford to live in NYC, but my wife doesn't want to leave the city

Synopsis: Jessica grew up wealthy in New York City. She can't imagine her life anywhere that's not within walking distance of the coffee shop, the best schools, and her parents (who live two blocks away). Her husband, Nathaniel, is building his business and it's been difficult getting it off the ground. For a while now, Jessica's been absorbing most finances and feels that the situation would improve if Nathaniel contributed just an extra \$100 to living expenses.

Jessica and Nathaniel struggle when it comes to communicating with each other. They spend 20 minutes answering my first question before I can get a word in. The truth is, They're both so fixated on telling their story, that they do not realize that neither of them is listening. I hear anger, resentment, exhaustion... what do you hear?

It takes a while to get to the numbers, but we start crunching after clearing some of the other issues. The results are extremely surprising.

Sometimes, our attachment to the story we tell ourselves can cloud the reality in front of us. Moving is complicated, but it doesn't have to be a step back. Listen to see what to do when your financial reality doesn't match the vision you had of your ideal life.

Podcast Transcript:

Ramit Sethi: Meet Jessica and Nathaniel. Jessica grew up rich, but now she and Nathaniel are struggling to make ends meet.

Jessica: Because I have two kids, a husband, I have a dog. I'm doing everything to stay afloat. Like I just want to be able to commit. Like I want just to be able to pay the rent, to pay the food, to pay the school. Sorry. So. I'm scared to look at my bank account because it's like it's diminishing every day.

Nathaniel: I keep telling her that I didn't move to New York to be a taxi. I was told, to be a taxi if you have to, do whatever it takes, work in a bakery, after work, go to your other job, and do your night job, and do whatever it takes to provide for the family. But I work hard. I know I work hard. I have a limit to what I'm going to do. People think in Montreal, where I came from, they think I married into big money, and now, I have it good, I'm set up for life, but it's not like that at all. How do you feel like, honey? I know it's hard. We can work it out together. We could give it a chance. We could make things work out.

Ramit Sethi: Jessica and Nathaniel have been married for five years, and Jessica has a simple request. Her husband, Nathaniel, runs his own business, and even though he's been struggling, she wants him to contribute to their joint expenses, even if it's just a hundred bucks a month. Now, do you think that's the real issue here? As you listen to the two of them, listen to the resentment, listen to their communication styles, listen to the constant spinning and repeating. There are clues upon clues here.

Jessica: When I first got married, I never thought about finances. I'm not going to say that I was spoiled. It's not like I went out and bought now this, whatever, but I did have a nice life. When I got married, the first two years were like, okay, whatever, because we had wedding money. And then, the first year, Nathaniel couldn't work, because he's from Montreal, so I didn't think anything. I found myself in a position where I was lying to my parents that I was not paying for anything because my family's very old school.

I don't mind helping, but to help—to pay for a lot of things puts a strain on us because my savings are running out and we have two kids now. I do have more inside now, because of all of these things. And so, it's very frustrating to me. And then, my parents asked me like, oh, my gosh, Nathaniel is doing the house, he's going at his job, and I kind of have to be like, yeah, like he's doing good, like he's paying for everything, whatever, but it's hard. It's hard.

Ramit Sethi: That was hard to follow. When I'm talking to people in financial trouble, they rarely come to me with a logical numbered list of their issues and their proposed solutions. It's more often a long list of problems followed by negative feelings, all interlaced with grievances. Remember this, people with financial problems love to talk about their problems. My job is to see if they're ready to talk about solutions. Nathaniel, by the way, mirrors this communication style.

Nathaniel: I'm a lighting consultant. In the last couple of years, there have been millions of people like me who joined the industry thinking they're going to get rich off LED, the new hot thing. So, it took me time to realize that the market in New York was so saturated. I felt I was going to move to New York, it's going to be easier with work, and it's a bigger city, but it was the opposite. And then, last year, I decided to explore manufacturing, and the money that I make, I'm investing in this business.

When I come home, and it's the end of the month, and we need to pay rent, I get frustrated that her family, help, but with each help, there's a punch. It's not the best type of help. So, that's really where we fight the most. That's maybe the only reason we fight. So, I get upset at just that I don't understand why, and then I start getting upset at her parents, and then we leave it, and then it becomes a big fight, and we try to make up at the end of the night, but it adds up. We're living month to month. And I didn't think it was going to be like that before we got married. And on top of that, I never worked as hard as I did in the last five years.

Jessica: Could I just add something to that?

Ramit Sethi: Of course.

Jessica: Yeah. I do wish my parents helped 100%, but like I said, they're very old school. They believe the husband should be making money, the husband should be providing, and everything. But at this point, I'm not even mad at my parents anymore, because it's like it's been five years already. So, I got my husband, we're supposed to be partners. Another thing we argue about is I grew up in a city, I see myself here, like when I think about the future, I want to go and buy an apartment here, and have my kids grow up here, and Nathaniel keeps telling me, let's move to Florida, and this, and that, like it's cheaper.

I'm like, it's not cheaper like we have two cars, you have this, you have that and that, and to what expense? I won't be happy like I just know myself. And he tells me like, then would you like to give it a chance? It's just I'm very aware of what I like and what I don't like. I know I grew up in the city, I go down, I get my coffee, I can do things like I like walking like I'm just like always out, I'm always doing something. I don't like going in a car and putting my kids in the car. It's like a slap for me.

Ramit Sethi: Did you notice all the stories they both tell themselves about their lives? Nathaniel didn't envision marriage like this. His friends think he married into money. That's a story. Jessica doesn't envision herself ever living in Florida. That's a story. Most of us have a vision of what our life is going to be like. We have a story about what our spouse is going to look like, what job we're going to have, where we're going to live. And I found that it's hard to accept that your life might not turn out the way you envisioned it.

After a while, it's not just a dream. It becomes part of your identity. This is one reason you see people making decisions that might seem bewildering to you, like a couple who hangs on to living in a place that they clearly can't afford. Now, to you, the outsider, it's so obvious, just move. But if your entire vision of your life has been to live in a certain city, even a certain neighborhood, it can become hard to accept that that might not be reality for you.

Nathaniel: This is another thing that Jess likes the good life. And I told her, if you want me to provide, we've got to downgrade. I can't afford an apartment like this. And Rome wasn't built overnight. My business is going to—I'm going to make it, but it's going to take a little bit of time. And I did provide for a while in terms of rent. I buy a lot of things, for food, like diapers, whatever, for the essentials. And even rent, I did. For a while, I was paying rent, but I can't keep providing a lifestyle that we can't afford. And that's one thing that bothered me, that she wants to live in New York City, the most expensive city when we can't afford it. So, I told her, you have no choice but to help out, your parents have to help out for now.

Jessica: I know what hard work is and I don't mind hard work. Yes, I do have high expectations, because I want him to be the best person he can be. I want to also be the best person I can be, but at the same time, like the basics, food on the table, schools for my kids, a roof over our head. Like those things, I don't want to have stress over.

Nathaniel: Yeah. I kept telling her that I didn't move to New York to be a taxi, because sometimes, I was told that, be a taxi if you have to, do whatever it takes, work in a bakery, after work, go to another job, and do your night job, and do whatever it takes to provide for the family. But I work hard. I know I work hard, but I just don't feel—I have a limit to what I'm going to do. People think in Montreal where I came from, they think I married into big money, and now, I have it good, I'm set up for life, but it's not like that at all.

Jessica: The point is there's no shame in doing whatever we have to do for your family. That was his point, but like it was taken to the next level.

Ramit Sethi: How long ago did that conversation happen, Nathaniel?

Nathaniel: It was a year after we got married.

Ramit Sethi: Jessica, he remembers that conversation very vividly. Why did he bring up a conversation that was very emotionally charged four years later?

Jessica: I think he's just upset with the way my family has comments or they try to say things to help him and it just gets translated in the wrong way. And I think he has a lot of resentment towards my family in the sense of, well, why don't they help us?

Nathaniel: Yeah, they help us, but like I said, every little help, it's a punch here, a punch there, and it's rubbed in my face. You come to our house, we give you the best food, you drink our best wine, we take care of you, we do everything for you.

Ramit Sethi: Okay. We're going to get to the family-

Nathaniel: But I want to see my kids. My grandchildren, I would take them with me everywhere. We're going away for the holidays. We're driving to Miami. I would never let my daughter drive to Miami, but when it's fine, I'll do whatever it takes to make sure we go away for the holidays.

Ramit Sethi: Nathaniel goes off on rants like this a lot, and he's spinning, he's getting madder and madder, and after a while, he doesn't even remember what the original question was. Now, imagine communicating like this with your partner, but 10 times worse, because you don't have somebody like me there as a third party, and doing it for years, and years, and years. After a while, it's almost impossible to communicate with each other when you're speaking to the ghosts of your relationship.

Every one of us knows somebody like this. It might be parents or relatives, people who sit down and just bicker with each other over and over again. You might tell yourself, oh, that's how they express themselves, that's how they show love. I don't believe it. I think if you ever ask any of these people, do you want to keep bickering with each other like this, they will instantly tell you, no, but it's her fault, it's his fault, and they'll go right back into it. They don't want to do it, but they don't know how to stop.

Jessica: I just want to like be able to breathe. It's like it's a lot on me. It's a lot of pressure from everyone. I'm lying to my family and like I'm trying to support them. Because I have two kids, a husband, I have a dog, I'm doing everything to stay afloat. Like I just want to be able to commit, like I want just to be able to pay for the food, to pay the schools. Sorry.

Nathaniel: Every day I step out of my apartment cost me \$100.

Ramit Sethi: Wait. Hold on. Let's finish, because, Jessica—we were going to start with Nathaniel, but I'm hearing you, you have a lot to say, and I want to hear it. Jessica, what would be the ideal outcome of this call?

Jessica: To like just find a way to make more money, to be stable, just to pay for basics, and then we can go to like other stuff, vacations, whatever. At this point, I don't care about that right now. Like I'm scared to look at my bank account because it's like it's diminishing every day. And like I don't think Nathaniel realizes, he thinks that I'm using my parents' money. No, it's my money. I received it. I worked for it. I have a home decor company.

Jessica: I'm doing all of this by myself, and somehow, I feel like he doesn't realize like I buy the meat, I buy the fish, I buy the groceries, I order Costco, the diapers, the wipes, the this, the that. When I take my daughter out, I go and buy her food, buy them clothes, and pay the rent. Like it's just all on me and I don't think he realizes to what extent I'm doing, like I'm drained in every aspect, physically and mentally, and I'm tired. It's like I have it inside me that I'm not healthy because of this.

Ramit Sethi: It sounds like you've taken on a lot.

Jessica: Yeah. And I never thought, I honestly never thought I was this strong, because like I said, I had a nice upbringing. Like I never thought being in this situation. I never thought I would have to hustle this much for kids.

Ramit Sethi: Okay. So, if you could have anything from this call, it sounds like you would want Nathaniel to understand the burden that you've taken on and it sounds like you would want to know that at the end of the month, you can pay for the basics, food, rent, your kids.

Jessica: Yeah, like I want him to share this burden with me, it's not all me.

Ramit Sethi: Okay. Great. Nathaniel, if you could get anything out of this call, what would it be?

Nathaniel: I don't want you to think that I don't spend any money, because my credit card-

Ramit Sethi: Hold on. Let me stop you right there. I just asked Nathaniel what he wants to get out of this call, and his response was an immediate defense about how he spends money. You both tend to go into your automatic responses. Have you noticed that? Both of you do it. It's a very simple question. What do you want to get out of this call? Suddenly, we're talking about the family history, and this and that, and what coffee I like.

You will never get to a solution while you are stuck talking about your problems. People with problems love to talk about their problems. You both love it. Most couples spend four to five minutes giving me background, and then I ask lots of questions. You two spent 22 minutes talking, I hardly spoke at all. And if I hadn't stepped in, you would have spoken for the next three hours. And do you know where you would have gotten it? Nowhere.

Nathaniel: I have to defend myself. When I hear things that I don't agree with, I have to defend myself. If I hear something I don't agree with, I always—I have a big mouth when it comes to this.

Ramit Sethi: And does that work for you?

Nathaniel: No.

Ramit Sethi: No. I want to know where you want to go. So, Nathaniel, tell me, what do you want to get out of this call?

Nathaniel: I would love to get some counseling on my business on how to be independent.

Ramit Sethi: Tell me more. What does that mean?

Nathaniel: I want to be able to provide for my family without anyone being there to tell us what to do, and I don't want to count on anyone. I want to be the own boss and provider of my family, not boss, but I want to be a role model and I want to be someone my family can look up to.

Ramit Sethi: Very good.

Nathaniel: And proud of.

Ramit Sethi: Excellent.

Nathaniel: If you can help me, give me some pointers, and help me to align myself properly, so I can have clarity in my business, that would be huge.

Ramit Sethi: Your problem is not with your business. Your business has nothing to do with this. So, we're going to talk, but it's not a business problem that's going on here. There's something much bigger here.

Nathaniel: I'm the problem?

Ramit Sethi: No, I'm not saying that. I don't know. We're going to get there. But first of all, I'm not here to point fingers. I'm here to help you both because I want you to be successful. I don't think that me giving you a few tips on your business is going to change anything. I can fly to New York tomorrow and work with you directly on a business, but that's not going to make these problems go away.

Nathaniel: I strongly believe that if I'm successful in my business, most of our problems will be solved. It's a constant money issue, it's all about money here.

Ramit Sethi: Nathaniel doesn't believe me, and this is common. When there's a problem in a relationship, it is tempting. It's easy to fixate on the details. If she would stop spending on eating out, we would be just fine, or I told him that we need to spend time with our family for Christmas. Truthfully, that's rarely the real problem. It's just a symptom of the deeper, deeper issue.

Most of us never even see the real problem, much less discuss it, which is why it feels so frustrating to go over the same fight again, and again, and again. Nathaniel thinks he needs business advice. Jessica initially wanted him to contribute 100 bucks a month to their joint finances. Both of them believe that that's what they need, that it will help them. But you know what, it won't. What about before COVID-19? How were you both doing financially?

Nathaniel: We got married, so we had a little money to—we had a beautiful, lavish wedding. Sometimes, I think maybe we should have done something smaller, and then we would have put money aside, but we had a beautiful wedding. And it's very—it's just not—I'm sorry. Repeat your question.

Ramit Sethi: You mentioned that you used to make 100K if it weren't for COVID, so how were you doing before COVID?

Nathaniel: We still had problems, because New York City is an expensive city.

Ramit Sethi: Are you guys seeing that making an extra 50K is not going to change your life? You both came into this call believing if your rent goes down a little bit, all your problems will be solved, or if you make an extra 50K, all your problems will be solved. But you've already done that and you still had the same problems. Are you starting to see that the number on the spreadsheet is not the problem? Because if you made 250K tomorrow, you would still have the same problems.

Nathaniel: I don't think so. We would have some issues, but I think this is the root of most of the problems. I do.

Ramit Sethi: How come? You used to make double the money, but you still had problems, why?

Nathaniel: Because rent, five times 12, already almost at 100,000. And then, that's without a car, then we need a car to travel, the kids, 20,000-dollar for pre-K. At one point, I told Jess, we're not having kids, we can't have kids, how are we going to provide? And her parents said, don't worry, it's all good, just have belief. Money is ridiculous in New York City. It's out of control.

Ramit Sethi: Okay.

Jessica: I don't think it's all because of New York City, but okay.

Nathaniel: Right. For what we're paying rent here, we can have a castle in Montreal.

Jessica: I just think even in the suburbs, such things add up, my aunt lives in the suburbs, and she pays the same amount we're paying here, with two cars, she has this.

Nathaniel: But she has a castle. She has a big house.

Jessica: The garden, the pool.

Nathaniel: Anywhere outside of New York City would be 50% less, easy.

Ramit Sethi: Okay. Well, I think they've just proven my point. One of my philosophies is to take the win. I'm going to take the win for myself and give myself a big pat on the back. They love having the same pre-

prepared arguments. That's not a response to my questions. It's a psychological tick. So, I think I need to change my approach here. I need to help them discover why they keep going back to the same automatic responses. I need for them to internalize this for themselves. You two seem to like going over your same arguments over and over. What does it get you? That's my question for you.

Jessica: Yeah, over this, like it's pent up, so the second door is open, then it just comes flooding out. It's just a buildup of everyday life. Sometimes, I just explode. And like I said, I'm not telling my family about all this, so the second I—there's like a switch like it's almost like biting. It's like I want to say all these things that are bothering me. It just makes me feel a bit better to like get it out.

Ramit Sethi: It makes you feel better. That's what it gets you.

Jessica: Yeah.

Nathaniel: Bottom line, it gets us nowhere.

Ramit Sethi: I get that. It gets you nowhere. I get that. But what does it get you emotionally?

Nathaniel: The anger out of me.

Ramit Sethi: Yeah. And where do you redirect that anger?

Nathaniel: To my family.

Ramit Sethi: Yeah. See why this is not about business tips? I mean, we still got more to go, but it took us an hour to get to this realization that you don't need a business tip because that's not going to do anything. And you don't need 50 grand more a year, because that's not going to do anything. The real problem is the way you two are communicating.

And if you can't fix that, you could have somebody write you a one-million-dollar check tomorrow, it'll last you a couple of years, and then it will be gone, and all that will be left will be finger-pointing. So, we'll talk about some of the numbers here, but ultimately, you have some very tough decisions to make. Those decisions are not going to be found on a spreadsheet. And there's no secret trick, no secret business thing to fix. There's only the two of you. How does that sound to both of you?

Jessica: Good.

Nathaniel: Excellent.

Ramit Sethi: Okay. Great. I feel that we're getting some more very positive and that for me feels good. Watching the two of you, even your body language has changed in the last 60 seconds. So, we're starting to, all of us, open our eyes. Let's see what their options are. I think it's time to talk numbers.

Nathaniel: How much do I need to make to live in New York without problems? 200,000 a year.

Ramit Sethi: Okay. Let me just make sure I have these numbers correct. Understanding that it's been an unusual year, but ballpark, making about 60 to 70K a year, the breakdown of that seems to be approximately 20K coming in from Jessica, 50K coming in from Nathaniel. Jessica, you have about \$10,000 of savings, which you mentioned is dwindling, and your rent is approximately \$2,000 a month. Is that fairly accurate?

Jessica: Yeah.

Nathaniel: No, the rent is a big problem. The rent is a big problem. Like I said, I paid the rent, partial rent for many years, and I told Jessica, look, I'm not going to get myself into debt. When you want to live in this city, it's super expensive. I'm new, I had perfect credit in Canada.

Ramit Sethi: Okay. Hearing these numbers, how do you think you are doing financially?

Jessica: Not good at all.

Nathaniel: Our rent shouldn't be more than 30% of our salary.

Ramit Sethi: Okay. How do you feel you're doing, Nathaniel, hearing these numbers?

Nathaniel: Not where I want to be at all. Okay.

Ramit Sethi: Okay. So, both of you are aligned there, even if it's that you're both not doing well, at least you're on the same page there. That is great. Hey, listen, sometimes, I talk to people, and one of them says, we're doing great, the other one says, we're about to go bankrupt. That's a real problem because they're not even on the same page. At least you're both aligned. Now, I agree with you that from looking just at these numbers, what am I going to say about that?

Nathaniel: Rent is too high.

Jessica: Yeah, the rent is too high

Nathaniel: Rent is floundering us.

Jessica: We live in a two-bedroom apartment. Yes, the rent is "expensive" for us, but the apartment is expensive. My family is in real estate, so I see value in things like, okay, its location, my daughter's school is just two blocks from here, my family is just two blocks from here. There's like a temple right near us.

Ramit Sethi: Sometimes, there are some simple financial truths. For Jessica and Nathaniel, the truth is they can't afford to keep living here. But as I share this with them, notice their reaction. Try to imagine that I barged into this conversation and told them the same thing in the first three minutes of talking to them. How do you think they would have reacted? Here, I spent a lot of time digging into the underlying issues, asking tons of questions before going into the numbers, and this is the opposite of our instinct, especially if we know the truth, especially if we're good at numbers. We overvalue math and we undervalue psychology. Here. Listen to their reactions.

I'm going to be very candid about these numbers, and then we're going to talk about what options you have going forward. You don't make enough to live where you live. So, that's just the bottom line. One of the problems with living above your means is that you spend so much time underwater just trying to stay alive, trying to pay this bill first and that bill that you can never actually look forward to. When was the last time the two of you talked about, what we want to do five years from now? What kind of beautiful vacation do we want to take? Jessica, when was the last time you talked about that?

Jessica: Never.

Ramit Sethi: Exactly. How could you? Because you're so busy trying to stay afloat that you never get the chance to look ahead. And you're both so young, your kids are so young, but you have chosen a life where you have sentenced yourself to struggle, and so to get out of this situation is going to be a little difficult.

Jessica: Look, I don't want to go back to the whole money thing, but right now, like I'm currently paying for all of this, but we can both afford it if Nathaniel helps me with some of the things we need to pay for. That's how I see it.

Ramit Sethi: Okay. If Nathaniel helped you, how much would that be?

Jessica: I would ask them to help me with half of the things that I'm doing right now, like half of the rent, half of food, or for school, or whatever, it's just I think we can meet in the middle. I don't mind contributing, it's just I often like to do other things.

Ramit Sethi: Nathaniel could write his entire paycheck to your household and you would not have enough to get by. That's the truth. That's a simple truth. There's certainly a discussion to be had about how you both contribute and what proportion, but Nathaniel could write 100% of what he earns into the household and you would not have enough to survive.

Jessica: This scares me a little bit. I don't know. It's a lot to take in. I just don't see myself living anywhere else in the city. I just like-

Ramit Sethi: Let's pause. Notice what your mind will do. Your mind will start spinning on all the things you don't want because change is hard, so you have options. I'm going to start with you, Jessica. You tell me two of your options. You don't have to go with any of these. We're just going to put everything on the table. No matter how crazy, how unlikeable these options are, how cool these options are, we're just going to put them on the table, no judgment. Let's start with you, Jessica. Give me two options for what you could do.

Jessica: Two options of what I can do is lower my standards, not expect to live on the Upper East Side, to put my daughter in school in the Upper East Side, so my option would be to lower my standards, and move somewhere more reasonable.

Ramit Sethi: Is there anything else?

Nathaniel: Move.

Ramit Sethi: But you already said that.

Nathaniel: Be patient. I keep telling Jessica, to be a little more patient, we're almost there.

Ramit Sethi: Well, you guys are close to losing—you don't have any money. Even if you had—you can't even make it one year on what you-

Nathaniel: I have one option to sell my gold watch.

Ramit Sethi: There you go. That's an option. I don't think that's the right option, but that's an option. Very good. What else?

Nathaniel: Maybe you should consider finding a job, a better job.

Jessica: I like what I'm doing, so I'm not going to change. I put a lot of money in production right now for my sliders, so I'm not backing out right now, but it's hard to give up and say, no, let's work on this together. Like I think we both just want to be right.

Ramit Sethi: Wow. Now, we're starting to get somewhere we both want to be right, and so when I start going into my automatic answer, rehashing the thing that I've told 25 times about, I'm not moving, and we could live in a castle, what do I feel? I feel right. One was to find a way of lowering the rent, whatever that means, and the second way was to increase your household income, however, that might happen.

I would say that the option of just continuing to do what you're doing is not an option. Do you know why? How long can you last in the current state that you're in? No, like a matter of months. And now, I'm not telling you you have to move out tomorrow. That's not my job. That's your job to decide what to do. But I am telling you that no amount of saving \$100 here or \$300 there will allow you to afford this rent.

Okay. And you cannot move forward in your life, you both are so young, and your kids are at such a beautiful young age, it will be very hard for you to look forward in life, to think about camp for your kids, vacation, any of that, if you are intentionally putting yourself in a position where you can't even get above water every month. Okay. So, those are the two main levers in your life.

Earn more, and I believe you both can, but you're going to have to probably do things differently than you've been doing. You might decide in a couple of years, you know what, we need to move back to Manhattan. Let's calculate the numbers, we're a little bit more confident now, you're not closing the door on any part of life, and you're so young, but you have to be willing to make a change to be able to live sustainably.

Jessica: I think so 100%, but it's a lot to digest. I would love to make more money. I can't argue with anything you're saying.

Ramit Sethi: I think I would look at it not as lowering my standards. I would change the entire narrative.

Nathaniel: A new chapter, a positive chapter, a new start, an optimistic start.

Ramit Sethi: Wow. That sounds a lot better to me than lowering your standards.

Nathaniel: I'm excited. I am.

Ramit Sethi: Let me remind you, this isn't the end of living in Manhattan forever. It's not the case at all. But to be able to live there worry-free and to live the kind of lifestyle you want, you're going to need to give yourself the space to earn more. Jessica and Nathaniel are talking about a huge life change, moving your family to a completely new place, that's a lot to process. And especially for Jessica, it's a complete and sudden change from the life that she envisioned. So, what I want to do is I want to pause here, I want to check in, I want to make sure she's taking this okay. In your money conversations, use this technique, pause, lots of check-ins, and remember, go slow to go fast.

Jessica: I'm afraid of change, and I'm so close to my mom like I see her almost every day, and as I walk over my siblings, it's just—I've never lived far from them like I've never lived like more than a few blocks away from them. So, it's hard to hear.

Ramit Sethi: Nathaniel, pick up this conversation. You must have questions for Jessica on how she's feeling right now. Ask her, turn around, look at her, and ask.

Nathaniel: How are you feeling, honey? I know it's hard. We can work it out together. We can give it a chance. We could make things work out. We have two beautiful kids.

Ramit Sethi: Ask her. Don't tell her. Ask her more. Don't tell her. What do you want to know?

Nathaniel: Your mom's always going to be here. She could come to see you all the time.

Ramit Sethi: Nathaniel, look at her face. She doesn't want to hear you telling her. You lapse into telling. I want you to stay with asking her. She just told us five very important things.

Nathaniel: If we're not happy, we'll always come back. We could always come back.

Ramit Sethi: Stop. Why are you telling her? I just told you we are not in the telling mode. She just told you a bombshell. Let her talk. What do you want to ask her? I'm afraid we'll never be able to come back. Ask her a question.

Nathaniel: Why do you think that?

Jessica: Because I think that you'll be happy in the suburbs, the kids will be happier somewhere else. And then, you're going to tell me yourself that you want to move back?

Nathaniel: But if your kids are happy-

Ramit Sethi: But is a very good way to get your partner defensive, you're doing a great job, Nathaniel. Why do you feel that? She told you something else. Keep going. Play it out.

Jessica: Like to me, this is my home. I feel at home here.

Nathaniel: I understand. You're right. I don't know. I know this is good. I just need a little more training wheels.

Ramit Sethi: Great. Thank you for asking. I love that you asked. That's what I'm here for. That's what I'm here for. I'm so glad you asked. The two of you, you're so close to having these beautiful conversations, you just don't yet have the tools, which is okay. The tools are easy. It's the intent that's not easy, and you both have it.

Jessica: I do find that's why we have the majority of our fights, because he tells me, well, my way's the right way, and then automatically, I go into defensive mode, so I need him to articulate his words better and listen into what I'm saying.

Ramit Sethi: Yeah.

Jessica: Yeah, I'm willing to work things out, and I'm definitely going to try to be more patient, instead of jumping to conclusions or just getting defensive.

Nathaniel: I'm not good with words.

Ramit Sethi: It's okay. You're fluent in English, you're very good with words. You may need to build the skills of communicating more effectively, but I trust you. You've done that on this call. I've watched you do it in front of my eyes. So, yeah, you're both going to need a little patience for each other.

Nathaniel: I learned more about Jessica now. There are things that I discovered that could only help. I didn't realize what Jessica would tell me, I'm scared to go and never come back. In my mind, I'm like, yeah, but don't worry, we're going to get there, you're going to love it, and then who cares? And if you're not happy, don't worry. But that's not the way to do things. Okay, honey, if you're not happy, we'll figure out a way to come back. That's fine. That could go a long way.

Ramit Sethi: Yes, what a beautiful thing to say, that you've been married five years, and just in this conversation, you've learned something new about your wife. I find that to be beautiful.

Jessica: Thank you.

Nathaniel: Thank you. And diplomacy goes a long way, and it's something that I lack and I need polishing in.

Podcast Episode 7: My parents keep expecting us to pay for them

Synopsis: Barry is a first-generation immigrant. His wife, Maria, has been raised in the United States. They're making good money, have joint finances, and both parents come from Pakistan—but that's where the similarities end.

Barry has grown up living under a set of unwritten cultural rules whereby the son is expected to take care of their parents financially. They're paying for family dinners and charity donations right now, but Barry strongly suspects they anticipate moving in with them when they retire. They would rather live within their family unit but have them close by. Barry has moved away from the ideologies of his family, but they don't know that. He admits that he tends to "people please" and doesn't put his foot down in the name of keeping the peace. However, the stakes are getting high, and when culture affects money, the landscape is easily blurred.

Maria has been biting her lip—so far. Her cultural conditioning varies slightly; her parents are financially independent. She craves financial freedom to call the shots on their money decisions but knows she cannot change Barry. He must reprogram the dialogue around money between him and his family. That probably sounds obvious from a Western perspective. But it's the equivalent of me saying, "It doesn't make financial sense to purchase a house" — it rattles the cultural code you've prescribed too, so it's unsettling and uncomfortable to challenge. I know because I've been in the same situation as Barry. You can hear how I dealt with my family's expectations in the episode.

Enough about culture. How do we solve this?

Barry needs to move from "convincing" his parents to fully owning his financial decisions and vocalizing that with love and firm boundaries. He can't control their reaction, but he can manage their expectations if he starts now. Remember, this isn't about a \$25 dinner or a \$250,000 house; it's off the spreadsheet stuff, and that can be messy. Listen to our conversation to hear what that looks like for them and how they plan to compromise between their financial goals and family expectations.

Podcast Transcript:

Ramit Sethi: Imagine that you're married. And you and your partner working on your finances, planning out your rich life, and suddenly, you get a phone call from your parents, and they say, we need you to send over \$3,000, you say, what, for what? So, we have this donation we need to make or this home repair we need to do, go ahead and send the money over. And you send it, and then two months later,

you get another phone call and another, and you don't know how much it's going to be, and you don't know when that call is coming, but you know that you're expected to help your parents out.

In today's episode, we're going to talk to Barry and Maria who are struggling with how to handle money around Barry's parents who have these sorts of expectations. Now, before we start, I need to say that culture affects money. For example, in Indian culture, many parents strongly encourage their kids to become doctors or engineers. They also spent huge amounts on their daughter's weddings.

If you grew up in America without understanding the cultural reasons for these beliefs, you might think they're ridiculous. You might even go on Reddit and leave some tone-deaf comment about how you should just choose to do whatever you want, which is, in and of itself, an individualistic, Western-centric view. Culture affects money. So, today, when I speak with Barry and Maria, a Pakistani couple in their 20s, I want to show you how culture can result in some unexpected and often tricky financial situations. Now, Barry and Maria are married and have a household income of \$275,000.

Barry is a first-generation immigrant. He was born in Pakistan, and now lives in the US, whereas Maria was born and raised in America. And even though they're both Pakistani, his parents' expectations are very different than hers. They expect him to pay for lots of things, often, on short notice. Again, what if you got a call from your parents every few months, but you wouldn't know when and they asked you to write them a check for \$1,000 or maybe \$3,000, what would you do? How would your partner react and what would you start to feel as this happened over, and over, and over again?

Maria: A few months ago, Barry's mom's birthday was coming around, and so we were discussing what to get her, and Barry's siblings wanted to do a joint gift. Typically, Barry and his brother, because Barry's siblings are younger and don't work, the two brothers will split the cost of the gift. Let's say the gift was \$200, they would cover it completely and do it on behalf of the whole siblings.

But this time around, Barry's brother suggested that since Barry and I both work, we should split the gift in thirds, each of us, because the three of us are earning, we'll contribute equally, instead of just the two brothers. It wasn't really about the cost of the gift, the actual monetary piece of the gift, it was more so just on principle. And I didn't agree with the idea that since we're married and we have two incomes, we're not like one unit of the family.

The way I viewed it was that there are four siblings and I am one of the siblings' wives, so my share is my husband's share. We ended up going with the three-way split because it was just not worth fighting it if you want to call it that, even though not fighting, moving forward when things are more expensive, not like a birthday gift, which is a smaller expense. When we move into the future and things are more expensive, how do we distribute responsibilities for his family financially? Like how will that work in our relationship?

Ramit Sethi: Barry, how do you see this gift situation? What happened from your perspective?

Barry: It's a difficult position to be in. Maria's perspective, I see where she's coming from and we also actually surveyed some of our more traditional friends that come from similar backgrounds, and then some of them resonated with Maria's perspective on this as well. But on the flip side, from my brother's perspective, I had a tough time figuring out how to come up with a logical reason why we shouldn't go three ways. Everything just came across as being stingy, maybe making up rules that are not grounded in, again, logic.

So, it was a bit of an awkward situation to be placed in. And as Maria had mentioned, we ended up going with the three-way split just because the cost wasn't so high that it mattered, and also, because we just didn't want to cause any further issues, like we just wanted to get past it. But the fundamental issue is still there, and it is something that we'll probably have to deal with in the future as well. So, this is just sweeping it under the rug and it may play out in the future in more significant terms.

Ramit Sethi: Okay. If this were just a one-off gift question, we could solve it. But you can hear from their voices that there's something much deeper here, a sense of expectation, a sense of some cultural beliefs. And rather than jump right to solutions, I want to make sure that I understand exactly what's going on. I want to dig a little deeper here.

Barry: Dinners, I'm happy to pay for them. There have been certain moments, though, in the past where it's been very embarrassing for me, where there were situations like Maria's parents came to visit my

parents on the East Coast, and we were having dinner out, and my dad got the check, and then he handed it over to me. And I don't know, in his perspective, he may have just been proud that his son could cover the bill, but it did not look great in front of Maria's parents, who, I think that's a very odd thing to do.

Maria: I think the first time this came up between us was around a request for a charity donation. It's always tough and it makes you feel like an awful person. It's not that I'm opposed to donating to this charity, that we were signed up to donate to this charity without being asked to, just being assumed that we would donate. It's a very tough conversation, and at that time we didn't address it properly, because it's hard to not look like just a bad person when you're disputing something like that. And the fact that we do well financially obviously plays into that, because there's an assumption that we can afford certain things, which I'm not denying. It leaves us in a very uncomfortable position.

Barry: Frankly speaking, that was the most contentious of all of them, was the donation piece. It's increasingly complicated by the fact that there was a lot of peer pressure involved in it as well. So, my dad was raising some money for a certain project back in the village that I was born in. My cousins and my brother had all pitched and he convinced them all to pitch in. And it wasn't a small amount that he was asking from my family.

Ramit Sethi: How much?

Barry: I think it was like 2,000 if I'm not mistaken, yeah. For us at the time, that does seem like quite a bit, when it's out of the blue and it feels like you're being forced to give it, right? If it was something that we had decided upon, that's different, the cousins and brother had paid up and would have made it look very bad if we didn't pay up. And so, we were cornered in that sort of a situation. And that caused a lot of issues because it was very unexpected for Maria. And still, to this day, I don't know if I know of any way that I could have gotten out of that.

Maria: This was the first time even between friends who come from more traditional upbringings that I had seen just like an expectation that was so no discussion around it. And so, for me, that was very tough to see. It was early in our marriage and we were joined in our finances, like everything is together. And so, for me, very early on, it was just a very big—I was very confused by it.

Barry: I think both of us were happy to do it but on our terms. And the fact that it felt like it was being pulled out of our own pockets and it wasn't appreciated as like a gesture that we were making. And the resentment did come out. I mean, I had kind of an angry conversation afterward, after we had made the donation, which isn't the ideal outcome of this.

Ramit Sethi: Barry, have you ever said no to your parents?

Barry: Yes, when it comes to things like marriage proposals from other daughters, and other families, and stuff, which is like a very common part of our culture growing up, like things like that, where there's an expectation that, yeah, it's fine, you're not always going to say yes to something like that. But I think when it comes to monetary asks, it's much harder. I don't think I've said no to those.

Maria: I agree. Barry has been very generous and has never said no to any request in the time that I've known him.

Ramit Sethi: If you're listening, it's tempting to just say, what's the problem, just tell them no. But it's not that simple. For people who grew up here in America, that's like me telling you that buying a house might not be a very good investment. Do you know why people get so mad when I point that out? Because they've been raised with that belief for generations now. Now, it's almost religion to them.

Here in this conversation with Barry and Maria, we have deep cultural expectations that might seem illogical or even ridiculous to you, but the fact is they're real. They exist. Now, we can have a bunch of

Redditors sitting here with their half-stale Safeway bagels dripping out of their mouth, posting on Reddit, that's so dumb, just tell them no, but culture matters. It matters to you, even though you may not be aware of some of the deep cultural beliefs that you have and that you grew up with.

And it certainly matters to Barry. In Pakistani culture, the parent-child dynamic is different than what most people grew up with. I get this because Indian culture shares some of those same expectations, especially for the oldest son. This sense of obligation that Maria and Barry are talking about is really common. It's in movies. It's on billboards. It is real. So, let's practice something I called the D to C principle, from disparagement to curiosity. Instead of saying, that's ridiculous, let's get curious.

Barry: It is a very different dynamic when it comes to how we are expected to treat our parents and family as a married couple. Marie and I come from similar sort of cultural backgrounds, but the way we were raised was very different. Our parents are immigrants. That's the similarity there. But from there, there's not much else commonality. Maria's parents are white-collar professionals, CTOs, and doctors. CTO dad, doctor mom.

My parents were blue-collar workers, my dad was. My mom was a housewife throughout my entire childhood. And so, I grew up in an underserved household where we barely made ends meet and my parents still aren't doing well. And the imminent sort of threat here that could potentially bring up this like fundamental disagreement that we had around the split may play out in how we deal with how we're meant to treat our parents and potentially take care of our parents moving forward.

Maria's parents are very different in the sense that they have always been incredibly hands-off. They don't like the idea of their children spending on them at all like they cover everything. My parents are different. When I started interning, there was a NASA base nearby and there was a great internship to land in high school, but I didn't save much money from it, because it would be going from my bank account to my parents, sometimes, without even me knowing.

Over time, that stopped, like the whole taking money from my bank account stopped as I became more independent, but the expectation was always that the child is meant to give back to their parents providing for them, as they were being raised. And I have a feeling this is going to be something we're going to have to deal with in the future, and so, yeah, it's something that weighs on my mind. And we're hoping to get on the same page about how to deal with it.

Ramit Sethi: It's easy if you're raised here to say, what do you mean, send money to your parents, that doesn't make any sense. They made their decisions. Now, they have to live with it. But for people who were raised in Pakistan or my parents being from India, yeah, there's a whole different cultural conception that is not written anywhere on paper, but we all just get it. We get it. The challenge, of course, is that you both live in the States and you both are coming to the table with different backgrounds. Even though your parents are both from the same country, totally different perspectives.

Maria: I completely understand the obligations and expectations. I think in that sense, we do have the understanding because we both grew up in that culture. I think Barry mentioned that my parents have never had any expectation of their children providing for them. I think a lot of that comes, from this cultural expectation of sons versus daughters in Pakistani culture, I'm not saying this, but I believe this is traditionally what is believed, is that daughters will get married, and then go to their in-laws and they're not expected to provide for their parents, because they get married and go to their in-laws, whereas sons of the family often are expected to take care of their parents.

And so, my dad that—I grew up with both my grandparents living with us for that exact reason because my dad was the only son in the family. And so, they lived with us. They grew up with us. And so, I'm very familiar with the expectations. It was just not something that I had to deal with growing up, because we were only daughters and because my parents, as Barry alluded to, are financially well-off, where they don't need that kind of support.

Ramit Sethi: It's one thing to be generous with parents or in-laws, and I'm hearing from both of you that you're both comfortable giving money. That doesn't seem to be the issue. It's not that it's an affordability issue for you. You're both doing very well in your mid-20s. Your household income is around \$275,000, which is great. But of course, the ambiguity of it is uncomfortable, because it could be a 25-dollar dinner or it could be a 250,000-dollar house, and that's uncomfortable.

And what are the rules of this engagement? What are the rules of engagement? This is a really important question for your money. You know when you're starting with your money, you face a million different decisions. Should I open a Roth IRA? Are these 401(k) options good? Can I afford this car? And over time, you do not want to be thinking about these types of questions.

When you get advanced with your money, you want to develop a few simple rules that allow you to easily make decisions on the thousands and thousands of financial choices you face every year. If you want to see mine, you can Google Ramit's 10 Money Rules and see the ones that I created for myself. When I ask for their rules of engagement, it's even more complicated, because it involves their culture.

And with culture, there are very strong rules, but they're never actually written out, yet somehow, you're expected to follow them. Let me give you a simple example. Think about the unwritten rules on social media. Do you know what they are? For example, you're allowed to share a picture at the beach, but you're not allowed to tag the hotel if it's really expensive. That's too gaudy. You can post a new car if it's a mid-priced car or if it's a Tesla, but if you post a picture of your BMW, ah, that's a little too much, you're a show-off.

Think of all the other invisible rules around social media. Now, think about Pakistani culture. You're responsible for your family's finances if you're the son. Which family? How much? For how long? Well, that's never really said. It's never really written down. But it's still a real belief. It exists in movies, in passed-down stories, and in little phrases, you've heard your entire life. What I'm asking here is to clarify the rules, because once we can see them, then we can start to decide if we want to follow them.

Barry: I was the first person in my family to go to college and graduate, and their expectations for what their life might look like are extremely different. My cousins very much have this blueprint, maybe graduate from high school, and then from there, they work in blue-collar jobs. They might paint bridges here in New York City and they have their parents live with them. And then, they have this very large family home, where they are taking care of not only their immediate family, but also their parents, and they live happily ever after. And for Maria and I, the life we envision is very different.

We're much more focused on building our relationship together, having that sort of level of autonomy. We fortunately have the freedom to be much more ambitious in what we want to pursue in life. And so, that's where the conflict comes in, is that in our community growing up, I've seen how negatively it's been talked upon when somebody doesn't take care of their parents. It's something that is a very bad mark to have, being a bad son or being somebody that sort of is selfish. I don't want to be in a position where I'm considered to be somebody that's a renegade, it's just me and Maria, and I've abandoned my previous family and my parents.

Ramit Sethi: I hear these cultural issues and they're real. I get it. You can't just dismiss them, and say, let's dumb, let's just not do that. My question to you is how seriously do you take these cultural issues? Some people will come and say, look, they're actually, like I don't want to be known as a renegade and that is top of mind for me, and I'm willing to spend more money if that's what it takes. Respect that answer. On the other hand, we have people who say, no, it's not okay anymore, and I've changed my view living here, et cetera. Where would you say you fall on that?

Barry: Yeah, that's a really good question. I would say I'm growing more towards straying away from the ideologies that—this sort of dogma, and then some of the ideologies that were ingrained in me growing up. The situation in my mind that plays out is in just a few years, my parents are going to want to move away from their current home because all of their children are going to have left the nest within just a few months.

And I think at that point, once they've downsized, once they move somewhere more social, they're going to lose their sort of income stream. Right now, they are on a farm, very lonely, but it's their sort of sole income stream. So, they're going to want to move into a community. I highly doubt my dad's going to want to work at that point and he'll be close to the 60s. And the sort of scenario that plays out from there is I think there may be a bit of pressure for us to take my parents in months at a time, and maybe they have a small place, but they would expect to spend primarily their time at their children's homes, and me being one of the two sons, spending a lot of time at our home.

We would have kids at that point in the next three or four years, and so I can imagine the dynamic being very messy. You just lose that sort of level of freedom that you might have if it's just the couple. And so, I

imagine that that would cause quite a bit of a strain in our relationship. Maybe you find some ways to create that separation. Worst case scenario, you buy him a place nearby so that there's like a separation of space.

Ramit Sethi: And do you think you could do that, Barry?

Barry: I think I could, but I know there's going to be some battles that I would need to, have to fight. It would be an unconventional thing to do in my sort of broader family and how they've dealt with the situations. With that being said, I don't think many of them have had the amount of disposable income that maybe we might in a few years. And so, that changes the situation a bit, but I do know that there's going to have to be some convincing and some sort of justification that might need to happen from my end. I think personally, one of my weaknesses is that I can be a people pleaser sometimes.

Ramit Sethi: We know. The first question I asked you, Barry, I asked you, what is your perspective? And did you catch what your answer was? You said, well, there are two ways to look at it, and here's Maria's perspective, and you gave me her perspective before yours.

Barry: Yeah.

Ramit Sethi: And then, the next thing was, have you ever told them no? A lot of words, but ultimately, the answer is no.

Barry: Yeah.

Ramit Sethi: So, going from where you are today to being able to potentially tell them, well, we'd love to have you close by, come visit a lot, even stay over sometimes, but here's a separate place for you, that is a really hard thing. That's like someone starting to go for a five-minute walk every day versus climbing Mount Everest. If you were to tell your parents they can't live with you today, how do you think they would take it?

Barry: I think they would probably think that I'm betraying them in some sort of way.

Ramit Sethi: Yeah, I agree. Every parent, especially every mom, grows up saying, you're going to take care of us, especially the sons, and that's a real cultural issue. It's real, even though, again, it's never written anywhere. You'll never find it in a book or a spreadsheet, but it is still real. We could spend the next three hours talking about all these cultural issues, but without a vision, we're going to get lost in the weeds. So, I'm going to zoom out and I want to establish what a rich life looks like for Barry and Maria, then we'll take their issues and make them fit into their rich life vision.

Maria: What would be an ideal scenario for me is we have our own home and we're able to live with just our like smaller family, but we're close enough to both my parents and his parents that we can see them on the weekends and we can spend quality time with them, but just be able to have our own space when we go home.

Barry: I think we're pretty much aligned on that. I think I'm totally happy to live that sort of life.

Maria: My ideal scenario is where we can dictate what generosity looks like towards both of our parents, our siblings, and any other people or charities in our lives. I think that's—for me, the biggest thing I value is just financial freedom. And that doesn't mean that it doesn't come with generosity or caring for family, that's a value that we both deeply share, it's just having the optionality and not having the generosity come from expectation.

Barry: I still do think it's going to be a bit of an issue convincing them.

Ramit Sethi: It's interesting. I've heard you use the word convincing twice. This is a common thing I hear from Indian guys, Pakistani guys, and guys from Eastern cultures. And like I said, growing up, I had a cultural script that I was expected to follow as well. Go to college, become an engineer or a doctor, marry someone of the same culture, possibly religion, and take care of parents. You know the script, it's pretty much the same script you were raised with.

And I broke a lot of that script. I changed my major. I'm not a doctor or an engineer. And I married outside of my culture, and on, and on, and on. The ability to do that happened starting back in high school when I started making unconventional decisions. And I think that's generally pretty rare with a lot of my friends who I grew up with. Most of them did go on to become doctors, engineers, or in tech, but it was little decision by little decision so by the time I decided I wanted to get married to my wife, convincing was not the question. I was not going to convince anybody, I was simply telling them, this is what I'm doing, I'd love for you to meet this person who I really, really like.

And so, what I would like to do is to paint a vision for you where you're not convincing your parents, but rather telling them with love what you can do. Remember, you're being generous. It sounds like you would be open to buying them a house or renting them a house. Financially, you're being very generous regardless of culture. But there's a psychological approach to this that is completely different. When you go in convincing, it's almost like you're down on your knees begging. If you were not allowed to convince, what would you go and say? Play it out for me, role-play it out for me.

Barry: I would say to my parents, I would say, look, the life that they've dreamed of having a community of like-minded folks, people that they would appreciate spending time with, having a beautiful home, living in a place with beautiful weather, living close to their children, we can make that happen. That's something that like we can take care of them, we can move them out to a community, where they would find that, or find those friendships, and find that sort of purpose and meaning.

Ramit Sethi: But Barry, I plan to live with you.

Barry: That's a tough one. I think-

Ramit Sethi: Why don't you ask Maria for some advice?

Barry: Maria, I need a hotline here.

Maria: I think it's interesting, Ramit, that you mentioned that the—not rebellion, but the independent decision-making started for you in high school, too. I think that's—I would say my independent decision-making started in college when I also dropped premed and decided to pursue business, and did all these other things. And I think because of that, my parents ended up trusting my decision-making more and more over time and were fine when I ended up saying that I wanted to marry Barry, even though he wasn't from my community.

The advice I would give to Barry is not actually as his wife, but as a third party, because I think one of the fears I have about giving too much advice in this scenario is that his parents might think that this perspective comes from me and not from him. That's something I'm very cautious of. And back to the earlier discussion we were having about the three-way split, a lot of why I just felt silent is not that I was silent, but because I just didn't want to be the daughter-in-law that came in and changed things. And that's just everyone's worst nightmare. And so, I am very cautious of being a silent adviser and not being vocal in these scenarios, because I do think it's for Barry to have that discussion and for it not to come from his wife.

Ramit Sethi: What Maria just said is quite masterful. Did you catch it? It took me years and years to learn, and I'm a little jealous that Maria just offhandedly and intuitively seems to understand it. Her big insight is this, she can't make Barry change. He has to own this one on his own. Sure, she can support him, or like a lot of people, she could hypothetically get mad and force him to say something to his parents, but that wouldn't last and she knows it. Real lasting change has to come from within. I'll also note that Maria is very sensitive to Barry's parents thinking that she changed him when in reality, he has to own it so that he can speak confidently to his parents. Maria is playing three-dimensional chess here and I am in awe.

Barry: We want to raise our kids in a place that has good weather with good schools and in a community where they're going to feel very supported on a day-to-day basis. And so, we think that's going to be best facilitated in Los Angeles. And we would love for you to come and live by us as well so that our children can grow up with their grandparents nearby.

Ramit Sethi: Los Angeles. I don't think so. We're set here. We have our friends here. I know we need you to stay here.

Barry: Mom, Dad, you have no choice.

Ramit Sethi: Whoa. Zero to 60, okay. Okay. Okay. Wait. Keep going. I like your approach. Maybe dial it back just slightly.

Barry: Yeah. I wouldn't have come out not hard, but I think I would say we're set on this life that we want to create for ourselves, and ultimately, we're going to make these sacrifices for our kids. It's something we're already in agreement upon. And I think-

Ramit Sethi: Okay. That's fine. But fine, I can come to Los Angeles, so where are we going to live? Are we going to have the top floor or the entire bottom floor?

Barry: So, I think it's going to be best if we buy you an apartment nearby.

Ramit Sethi: Apartment? Us?

Barry: I think it's going to be best for everyone. You're going to have your own space to live your own lives. You're going to have your own space to do whatever you want.

Ramit Sethi: Our lives are your kids and our kids. We don't have a life outside of that.

Barry: And you'll be able to see the kids whenever you want. We'll make sure we find a place that's within walking distance. We would love our kids to see you regularly and to grow up with their grandparents nearby.

Ramit Sethi: First of all, how do you feel saying that?

Barry: I felt good. I think there's like, I tipped over the point where I finally just embraced it, so I felt good saying that. In terms of the actual rhetoric that I use, I think potentially, it could be better.

Ramit Sethi: I think it was quite amazing that you were able to articulate all those things. Coming from having never said no to being able to even articulate that is astonishing. Many of the people I've talked to who were raised in this culture, can't even conceive of how they would say no, that's how deep it is. This is a hard conversation. Your parents are going to be flooded with emotion hearing this because they have a vision of their life. You are, in their mind, destroying their vision of their life. No amount of words is going to take away from that. Would you be prepared for them to be unhappy with you?

Barry: It would hurt, for sure, yeah. It would hurt, but I think I would be able to do it.

Ramit Sethi: Okay. What do you think you need to do to go from where you are today to being able to have that level of conversation?

Barry: I think, as you said earlier, winning those small moments, and winning is the wrong word, but making it known in those smaller circumstances that we're not going to concede for certain things when they're at the risk or at the cost of the life that we want to have together unless it's trivial.

Ramit Sethi: Give me an example. What is something that you have conceded in the past, but that you would not concede on in the future?

Barry: I think this three-way split potentially may have been a bit of a concession that we made.

Ramit Sethi: You made. Not Maria, you made it.

Barry: Yeah, I guess. Yeah. So, I think that could have been handled more. I could have put my foot down there.

Ramit Sethi: What would you have done? Just play it out to me. Say what you would have said to your brother.

Barry: Look, I understand where you're coming from, but this isn't how we handle things when it comes to splitting expenses with a couple. Maria and myself, we're a single entity in this regard and we're going to do a 50-50 split. I take that back. I would say, Maria is an independent party here. She can contribute whatever she wants, but this specific gift split is going to be between you and me, so it's going to be a two-way split.

Ramit Sethi: Wow. That's a big move. I love that. You took responsibility for yourself, and it was about your decision, not Maria. She has nothing to do with this, whatsoever. This is your parents, your family, and you stepped up, and said, this is me, and I'm making this decision. A couple of other things I want to share that my wife and I do, these may or may not be helpful. These are fairly tactical. We set up some rules, some money rules.

One of the things I hear with the two of you telling me how this feels is it feels very reactive, like at any given time, someone can be like, give me \$10,000 or give me \$100, and that doesn't feel good. So, we take things into our control. I want to create the rules of my life. I don't want anyone else to create rules for my life every time. We get a charity request from somebody, we've already budgeted out how much we want to give to charity in a year, so guess what happens if somebody says, hey, can you give us \$10,000? Let's just pretend we've already exhausted our charity donation for the year, what would we say to them?

Barry: Sorry, can't do it this year, we've exhausted our budget.

Ramit Sethi: Yes, it's just simple. And it's not you, oh, Barry, you're so stingy. It's our plan.

Barry: I think it's a great idea. My question, though, is how do you build a moat around that system that prevents people from questioning it? Why do you donate only 10% per year? Why not 12%? Because that would take you to the amount that we need.

Ramit Sethi: What do you think the answer is?

Barry: I don't think you need to justify it. But also, on the flip side, I don't know how you can just shut the conversation down. I'm not sure.

Maria: I would approach it as, this is the amount that we could donate to charity, because we are saving other percentages for our kids in the future, or for education or whatever purposes, and just leave it at that. We feel happy with the amount that we donate, we think it's generous, and we choose our charities carefully.

Ramit Sethi: Okay. That was good, but you just totally screwed yourself. You gave way too many details. And if I am a skilled guilt tripper, I'm going to pull on every single one of those threads until you are crying on the floor, kids, oh, so, you're having kids? Oh, you're not having kids? Why not? Two years from now, who knows what's going to happen? You need an answer like a politician. Why are you doing this? To keep America safe. Okay. That's it. And by the way, I hate that answer from politicians, but what is the theory behind it? How can you argue with that? Give me an answer like that.

Maria: Because this is what works for our family right now.

Ramit Sethi: Take the right now out of it.

Maria: This is what works for our family.

Ramit Sethi: When Barry and Maria began changing their responses to his family, it was going to be very uncomfortable. People do not react well when you change the dynamics of a relationship, and you know this if you've ever lost weight, or you've gotten a new job, or you got paid a lot more, or if you've ever set down boundaries with your family. You know what I'm talking about, people do not like changing the dynamics of a relationship, and they'll use any technique they can, even unconsciously, to get you back in a box that feels comfortable.

This can mean guilt-tripping, anger, gossip, or whatever they can pull to use to get you back in that box. Your job is not to plead with them or try to convince them. Your job is to anticipate these techniques, acknowledge them by saying something like, I can see this upsets you and then pivot right back to your key message. This is what works for our family. No, this is somebody else, and that's exactly right. You're not here to justify. You'll notice that you will have these interesting verbal tics. You will say things like, we can talk about it later. No, we can't. Oh, if things change, we can always relook at it. No, this is my decision. These are verbal tics that allow you to get out of it, but they do you no favors. Once you get confident with yourself, you're already confident at work with the amount of money you earn, you must be good at your job, but having these discussions is different.

It's like putting on training wheels for the first time. I will tell you that there is a light at the end of the tunnel, because as I started to make these decisions more and more, first, I got more confident in my decision-making. In this culture, the world wants you to obey, but the minute you do, they don't respect you. However, when you've charted your path, they respect you. And that takes years to get to, but I have total confidence that you can get there.

Barry: That's very powerful. Thank you very much.

Ramit Sethi: Do you think you could do it?

Barry: Yeah, I think I can do it. And honestly, it's encouraging hearing this, too, because I'm thinking of it as a marathon like you said, and working my way up to it, becoming better at these sorts of things would honestly put me in a much better headspace.

Ramit Sethi: It's going to be difficult. It's funny, the hardest conversations you're ever going to have are going to be about \$10 here or \$20 there. Why? Because you are fundamentally redefining the relationship. I love this conversation with Barry and Maria, because, from the listener's perspective, it was really obvious what was going on. These cultural scripts are deep and they're red flags to us.

But if you turn that around, and you look in the mirror, and say, what invisible scripts did I grow up with? What are the cultural beliefs that I grew up with? [Making sounds] then, it gets a lot harder, doesn't it? It's easy to critique somebody else, and much harder to get intellectually curious about ourselves. Now, you may have heard me say, that a rich life is lived outside the spreadsheet, and usually, when I talk about that, I'm referring to the fact that once you get your automation set up, and you use my book, and all the investing is going, turn the page, think about what is meaningful to you.

Do you want to travel or eat at nice restaurants, whatever the case may be? But you can also see that principle applying here. Barry did not need to fiddle around with his investments or earn \$10,000 more. That was not going to change it. He had to get outside of that spreadsheet and have some very difficult

conversations that redefined his relationship. It's easy to fiddle around with numbers and go into Microsoft Excel, but oftentimes, that will not change anything.

Living outside the spreadsheet means, for better or for worse, positive things like travel, but also for challenging opportunities, like redefining your relationship with the people around you. I want to give one last shoutout to Maria on this conversation. Maria was an example, in my opinion, of a great supportive partner. And I also want to commend Barry.

Barry realized that in a relationship, it's often the case that we may want to defer something or talk about something together with our partner, what Barry realized was that this one is on him. He's got to take the lead on this and he has to redefine his relationship.

Podcast Episode 8: My wife is spending too much money

Synopsis: Natalia prioritizes experiences over finances. She doesn't want to miss out on life, so if she wants to visit her family, she doesn't wait to check their budget — she gets on a plane. Andres, on the other hand, worries about money. He remembers growing up without money and doesn't want to go back there again. He's pushing to save, invest, and anticipate what's coming around the corner – especially now that they have a son.

They've both become used to only talking about money in the heat of the moment. Because of their different perspectives on money, they've adopted roles in their relationship: Natalia says she's the overspender, while Andres is the worrier who tries to tamp down on spending.

This is a classic push-and-pull role you see in so many couples. But as I dig in, you'll discover some fascinating reasons behind the roles they've given themselves.

Listen as I flip the switch on Andres's approach to the conversation he's having with Natalia. What if "We can't afford to go away" turned to "What trips would you like to plan for the future?" What if money planning was part of a planned conversation instead of a heated clash? What if talking about money was based on possibility instead of scarcity?

Listen in to this conversation with Natalia and Andres.

Podcast Transcript:

Ramit Sethi: Welcome to I Will Teach You To Be Rich. I'm Ramit Sethi. Today's couple, Andres and Natalia, used to live in Chile on very good salaries, but now, they live in Mexico and Natalia's income has gone down 35%. Natalia is a spender. She admits it. If she thinks it's important, like visiting her family,

then she'll spend it without thinking twice. Andres, who earns most of the family's disposable income, is the total opposite. He's scared of their spending, really scared.

He's the one who's saving, the one who's earning more, and the one who's worrying about their future. Now, I could sit here and show them some stupid compound interest chart, and tell them they're earning enough, and it's fine to spend money on the things they love, and that would not change a thing. Natalia would continue spending and Andres would continue being worried. And that's not even the real issue anyway. The issue that the two of them don't see money the same way is much deeper. And neither of them knows why. Let's listen in today as we try to spot the clues.

Andres: I am the one that earns the most right now within the relationship, but I'm also, because of my background and the things that I lived in childhood, I am also the one who's the most concerned with having enough investments, having enough savings. I've gone through certain situations where I didn't know where my next meal would come from. And so, that has taught me that I need to plan for certain things, even if they don't happen, like losing a job or having another source of income. So, I think what I would like her to understand, it's, that my stress regarding money is not because I'm only and solely focused on money, but rather because I know what it is and how it feels to be without money. And it's a feeling that I don't want to have again.

Natalia: I think one of the biggest differences between the both of us is that I'm probably more impulsive and I'm just sensitive about, oh, our family needs this, or the baby needs this, or I need to help my parents, because, well, part of the way we were raised, my parents, they were regular employees with a job that worked so much to give me the best. I'm an only child, Andres has three siblings.

And so, that's the biggest difference, one that I didn't have too much at home, but my mom was always so positive that we're going through all of this, and you will figure out, if you're a good person, you will get it. So, for me, yes, I know we need to save, we need to invest, but I care so much about the time that we spend together or the time that he's with the baby. So, he's more rational, I'm more emotional.

Ramit Sethi: Notice the words used. Natalia says she's more sensitive, impulsive, and emotional, and she uses those as negative words. Now, ask yourself, what does someone get out of describing themselves negatively, and then continuing to do the same thing over and over? Think back to college, when half your friends bragged about how lazy they were and how little sleep they got, bros, it's crazy last night, I only slept two hours, it's so insane. What do you think they got out of that? Well, the same dynamic is at work here, and I'm willing to bet there's an added wrinkle of some cultural elements as well.

Natalia: Now that we have become parents, I'm so worried about the education plan for our kid. He is one year and eight months old. And we've been discussing this before he was born. And I talked to a lady who has this insurance thing because I'm more worried about what happens if we die before he's 18.

Andres: And the reason why we got into this conversation is I know that there are some limitations to the way I communicate and I am the rational of the two. So at some point, badgering with data is not getting the message, and I'm fully aware of that.

Ramit Sethi: Notice that. It's not just Natalia using labels, it's also Andres. So, now, we have a three-part dynamic. Imagine a triangle. We have how Natalia describes herself. We have how Andres describes himself. And we have the roles they've created for each other. Most people aren't even aware of these dynamics. So, they spent 40 years attacking the symptoms. She spends too much. He's always worried about money. But until you understand these dynamics, you're only tackling the symptoms, not the real root cause.

Andres: How would you characterize what happened in that conversation about the insurance for your son? I think it's a decision based on fear. I don't think it's a bad idea to imagine the worst-case scenario, but it's being hijacked by your emotions and being offered a solution by someone who understands that fear. There is an industry-specific to cater to those fears, and that's what they're doing.

They're selling to the fear of loss. It also frustrates me a lot given the current circumstances that we are in, the only one of the two of us who can pay for this kind of thing is myself. So, it's challenging when the

discussion ends on emotional things, that, of course, it's difficult to respond. For example, it's that, you don't want the best for your child and it is not true.

But it's a matter of defining, what you consider best for your child. I also stood my ground in the sense that I wasn't going to pay for that insurance. And unfortunately, sometimes that the decisions also, end when a conflict is unresolved. We're a married couple, and if you let these things add up through time, right now, it's not something that is causing a lot of pain, but in two years, three years, this will cause a lot of pain.

Ramit Sethi: Yeah. I think that's savvy of you to acknowledge that this is a problem, not a huge problem, but a problem. But if you continue going on with one child, maybe you grow your family, maybe you move to another location, salaries change, and this turns into something quite serious. And when I speak to couples who are older and they are on the verge of divorce, it never starts there. It started 20 years prior, disagreeing about who pays for dinner, and it just calcified over time.

So, I think it's great that you're talking about this now. Just a quick side note, that insurance offer was almost certainly a scam. Here are a couple of rules of thumb for insurance. If your financial advisor sells you a whole life insurance, it's almost always a scam. If someone tells you insurance is a great investment, it's almost always a scam. And if someone tries to sell you fucking insurance on a playground, it's a scam.

By the way, if you're an insurance salesman firing up your keyboard, about to send me some angry message about how your insurance policy provides a real value, guaranteed returns, a death benefit, and all your other bullshit, just send your email straight to the trash at iwillteachyoutoberich.com. I'll be sure to take a look at that. Okay. Where were we?

Natalia: I know that I have less income, and because I work for an airline firm, it's so easy to say, oh, let's go to Miami next weekend, oh, let's go to Bogotá in two weeks. And I don't care about the numbers if I want to visit my family or if it's Andres's mother's 65 birthday. So, I know that we have the money, it's probably \$500 that I know that we have, and it's priceless to visit our own family and have some time together.

For him, it's \$500 that we should pay to this debt. And you think that we have so much money, but if you see our savings, it's not that big. I will say, oh, you will see your nieces, or our son, his name is Alejandro, so I will say, oh, Alejandro will have some time with his cousins. So, in the end, he will say, yes, but if we have a sort of fight, he will say, we spent this money going to Colombia and you said it would be \$500, but then we end up paying for dinners, and you bought more clothes for him, and it's not a nice conversation, but at the end, I was so happy that we had a good time with our families, that after this crazy year, I appreciate that.

I know that he cares about his family, but he went to study in Australia, and he said, I don't care if I don't see them for two years. I'm an only child. My parents are almost 70. They just have one grandson. I want them to see him every three months or every six months because I work for an airline, and if I don't have the best salary in the world, at least I can get these tickets, business class. And so, it's not that terrible to go to Colombia. I know that I should be more rational on that side, but for me, it's so hard.

Ramit Sethi: I know, I know. Half of you guys want to create a 30-page spreadsheet and shove it toward Natalia, saying, hey, look at the numbers, let's make a conscious spending plan. The solution is not in a spreadsheet. Just think about how most people would approach this. Hey, Natalia, we need to create a budget. Yeah. Okay. Whatever. I want to see my parents. Budgets don't work—well, actually, budgets don't work, period. But even conscious spending plans from chapter four of *I Will Teach You To Be Rich*, a New York Times bestseller, don't work if both of you don't agree on why you're creating one. Watch. You can tell from what Natalia says.

Natalia: And when we were doing this exercise for you, I think we had a budget, and we had to talk about how much we had in rent and everything, but when I realized that we earned \$300,000 and we just saved less than around 1%, 2%, 5%, which is nothing, I got nervous about it. And I think that's what Andreas wanted me to do, that I would be conscious of what we're doing, and they are saying that last year, I was about to lose my job, and he was so nervous, he said, okay, if you lose your job, we need to change the

apartment, we cannot live here. What are we going to do? We have so many expenses, if we don't have your income, this is not the quality of life that you want, but we can't have it.

Ramit Sethi: Where you realized, wow, we are more precarious than I had realized.

Natalia: He said, you see? That's what I have tried to tell you for so long, but you don't listen to me.

Ramit Sethi: Have you ever said no to an opportunity because of money?

Andres: She said for the first time yesterday, I was ecstatic of joy, I couldn't believe it, I was like, okay, I didn't say anything, but it was the first time since I've been together with her.

Natalia: I'm trying to be more conscious because my son and my birthday are in August, and we also went to Colombia in June, and he said like, it's so much money, we cannot have both trips. Okay. I will say no to Colombia in June and let's wait for August. And what we could do is that we can bring my parents, and that's like the best of both worlds, that we'll have some time with families, but we are not traveling, so we're spending much less if we're staying here.

Andres: What did that feel like?

Natalia: It felt good that at the end, I'm going to see my parents and they're going to see his grandson, but I was more conscious about the money that we were going to spend there.

Ramit Sethi: Okay. Andres, it sounds like you have been trying to get to a shared understanding of your finances with Natalia for a long time, but it doesn't sound like until recently that she understood your money in the way that you want her to understand your money. What do you think changed?

Andres: Before our son was born, we had this agreement where we took out a loan in her name and she would pay off that loan, that specific loan was for real estate investment. In that way, I didn't have to be concerned about how much she was spending on shoes, bags, or whatever. And that worked fine until our son was born. That's when I started saying, okay, we need to re-accommodate these certain things. And of course, it's frustrating for me, trying to do the best thing that I can for my family, because it's not like we are penny-pinching and we're not doing anything. We are enjoying ourselves. But sometimes, she says to me like, oh, we will just pay it with the credit card. And I was like, yeah, but you still need to pay the credit card, so you still need to pay that money back. And so, it's frustrating.

And, of course, I'm always trying to look for a solution to these problems. Maybe she won't come 100% to my side, and I don't think that's the idea, the idea is that we find a common agreement between the two of us whereby I feel comfortable, I don't know, 80% of the time, 75% of the time, the idea, at least in my head, is, let's save enough, and then we can enjoy ourselves.

Unfortunately, from my side, I invested in a family business two years or three years ago. It was a 100,000-dollar investment, and unfortunately, we lost it in the pandemic. It was a restaurant that had to close. And so, that was also a very big hit for us. So, I think for me, it's relief, and it's also, I don't want to be discussing all of the time with my wife, and that's the reason why we're here because this is not the fight or the discussions that I want to pick with my wife.

Ramit Sethi: What's your greatest fear about your money, Andres?

Andres: Just not being able to provide, to be honest. It's that feeling of, I don't have enough to just pay for lunch. I had a business like 10 years ago where I made enough money just to pay my basic expenses. If I had something that deviated from my daily routine, I had to walk there because I couldn't pay for gas. And it was a very humbling experience, right? It teaches you a lot. It teaches you humility and it also teaches you that you can get over it and you can overcome it. But it's also a very nasty experience when you're living through it.

Ramit Sethi: I understand that fear, but you have a household income of around \$300,000.

Andres: But if we don't have a salary, we're in a tough situation. I can cover expenses for, right now, two months or a month-and-a-half, but after that, I'm screwed, and that's what concerns me.

Natalia: Before the pandemic, I was so positive about it. If I'm not selling tickets, I will sell shoes, but I'm so good at that that I know that I can provide. But I never thought that the world could shut down. Well, I couldn't have had this opportunity of just changing from one job to another. I probably won't have this nice equipment, but we will sort it out. But I think that everything changed, and also because of this investment that he lost with his family.

Ramit Sethi: One thing that I hear from both of you is worried about what could happen. And it seems like this pandemic has opened your eyes to the downside risk. And Andres, what I hear from you is a real fear about going back down the socioeconomic ladder. And this is very common for people who have come from very humble means, and then they've done quite well, they look back and say, yeah, I could do it if I had to, but I don't want to, because it is not a good place to be.

Andres: If I wasn't by myself, I would say, okay, if that's the cost, then let's do it. Fine. But when you're a family, then, yeah, I shit my pants, literally.

Ramit Sethi: Have you explained this and have you talked about it with Natalia? Not in this way, I have to be honest, because we always talk about it when we're in the heat of the moment, and that's not a good conversation to rely on.

Did you catch what Andres just said? We only talk about money in the heat of the moment. This is so common. This is common in about 95% of the people I talk to. They don't have good feelings about money. You know deep down, a lot of people hate money, even though they would deny it if you pointed it out to them. To many people, money is a source of stress, frustration, and anxiety, so they only talk about it when things blow up. And then, they paper over it, pretending the fight didn't happen, until next time.

Now, the I Will Teach You To Be Rich approach is to start with your rich life in vivid detail, and then to build a plan with big wins and quick wins along the way. And that also means setting up a regular time to talk about money before things go wrong. Treat it like a standing business meeting, create an agenda, and celebrate your wins at the beginning. If you claim money is important to you, then I want you to take it seriously. So, let me ask you right now, can you tell Natalia what you are worried about with your money? Talk to her.

Andres: It's my fear, honey, of losing my job or you losing your job. It's that we won't be able to have the trade-off discussions, because there won't be a discussion of trade-offs. There won't be enough money to go to visit your family, to pay for a school for Alejandro, to pay for rent, not in the level of living conditions that we were used to.

Natalia: And for me, I think it's very hard to get to that point because half of my brain will think, we'll sort it out. That's my positive way of thinking, that we will do it. But I know that he doesn't want that stress around our relationship, because if we want the best school, that's going to be expensive, but if we don't have money to pay the rent, what are we going to do? So, I know that I need to be more responsible for thinking the worst, but for me, thinking about that is very hard, because we're both so talented and we're so focused on what we do that I know that it doesn't matter if we lose our job, we'll sort it out. And I hate to have these discussions about money when he's so frustrated because I don't like this.

Ramit Sethi: Yeah, I understand. I think money discussions should also be about joy, and they should also be about what can we do, family, travel, and paying for Alejandro's education. I think those are amazing discussions. I also think that money discussions have to circle the numbers and the plans, planning for when things go well, and planning for when things go poorly because it's all going to happen in a lifetime.

You're so young. Things are going to go well sometimes and things are going to go horrible the other times. And you've experienced both of those, even in your marriage. You know in some ways, Natalia and Andrés are pretty aligned with money. And you know why? Because they both approach money from a place of fear. Andres is scared of what could happen if they find themselves in a situation where they don't have enough money.

Natalia, on the other hand, is scared of missing out on life, of what could happen if she doesn't take advantage of that money in the here and now. They see themselves as having different perspectives on money, but when you look beneath the surface, they're surprising areas of agreement. They just show up differently. Now, I can start to gently bring them together.

Natalia, it's so interesting hearing you talk about your optimism because, in many ways, I am very optimistic about lots of things as well. And that has paid off in a lot of ways. It made me very resourceful, and very forward-looking, but it's interesting to me that you apply that positivity to so many different areas. But what if you applied that positivity to your financial relationship here?

Natalia: I think that now that I'm more conscious of the numbers and I think that I finally understand why Andres is so nervous about it, I think I'll be more rational in the decisions that we should take as a family on our expenses and think about the future because it's good that I'm so positive, but I know that I need to be prepared for the worst.

Ramit Sethi: When you think about planning for the worst, how does it make you feel?

Natalia: I hate it. For me, the worst is that we could die. If we die, that's the worst. If there's something in between, I think we can sort it out and I know that we'll get the money. So, I don't like to have that type of conversation, because what Andres is saying is that I don't care about the future, that I'm so emotional, and that I need to think about the worst. But I don't do it, because I hate that. I don't like that.

Ramit Sethi: That's what I thought. People who are positive thinkers, find it stupid, boring, and just horrible to have to think about the worst.

Natalia: Horrible, that's the word. Horrible. I don't like it.

Ramit Sethi: People in general, don't like to floss. Now, imagine I tell people, you have to think about flossing and read about flossing every day for two hours for the rest of your life. They're like, I don't even like flossing once a year. What are you going to make me read all this stuff? It sucks. Andres, that is what Natalia perceives when you talk about planning for the worst. It's not that it's right or wrong. I'm just telling you how she perceives it and why it's been so challenging for her to plan for downside risk, even when her own company went through Chapter 11. I'm sure you, Andres, were like, okay, finally, she's going to get it, but I'm willing to bet, it wasn't like that, was it?

Andres: Yeah, not even close. I've tried different hammers on the same nail, and I wasn't getting through.

Ramit Sethi: Let me guess, you tried this version of Google spreadsheet, then you tried Microsoft Excel, and then some investment chart.

Andres: Nothing has worked. I can see why. And again, the comment that I wanted to make before she started talking is her positivity is the reason I married her. We had this inside joke, if you like, between the two of us, that she was the sunshine to my rain. And I still see it that way. So, yeah, I think I would say it's difficult to understand that is what is not allowing her to close this.

That just really pisses me off inside it. I know that if you were 10% convinced, this shit would be sorted out in a couple of months. And so, sometimes, when we end the discussion, it's like you're just messing with me because I know, and she can tell you the story of how we got married, and how she found me a job and moved from Australia to Chile.

Natalia: I got him a job in Chile when I was in Colombia and he was living in Australia. So, we lived together in America, and then Australia. So, that positive, I am. That's the level.

Andres: So, that's the thing. Like I said, you got me a job when we were in three different countries, and you can't commit to solving this? And of course, I've never said this to her, but that's what I think inside, is if you got the same type of resolve that you had for that, we would have solved this a long time ago.

Ramit Sethi: So, the challenge with saying that is that while it may be true, it's really hard to make someone else get resolve that they don't have.

Andres: That's why I had never said it.

Ramit Sethi: Yeah. And Natalia hearing that, Andres commented, if you wanted to do this, he thinks you would have gotten it done in a matter of two months. And you said I feel embarrassed because if I wanted this, I think I could, why don't I want this?

Natalia: I don't know. Right now, that's the first thing that I thought, it's because of ego. That's what I thought. That was the first thing, that's why I'm not doing this. I think that we have a big difference in this. He has read so much and he knows so much, and I could understand what he's saying if I pay attention, but I would love that I could no more.

Ramit Sethi: You could. So, if that's the case, I hear you loud and clear. He has more technical knowledge about this topic. I get it. One view would be that that would make you want to learn more, oh, because I want to be his equal, his partner, but that's not happening. Why do you think that is?

Natalia: Because I'm so bad and upset when I'm not good at something.

Ramit Sethi: When you became a mom, were you great at being a mom?

Natalia: No, nothing. And I felt so guilty every day.

Ramit Sethi: Did you get better?

Natalia: Yeah, finally, but it was hard.

Ramit Sethi: Of course, it was hard. But one year, eight months ago, you had to, and so you did it. And I'm sure it took-

Natalia: And I started reading and everything, and now, I'm giving some advice to my friends.

Ramit Sethi: Okay. But let's go back to that moment where you started reading all these books and things like that. Have you done the same with personal finance?

Natalia: Just now that I got the book and listened to your videos, but I know that I can find a time, and that's what he's been so worried about, like I know that you can do it, but I'm so worried about, I need to be very good at my job, and I want to have some time with Alejandro, I want to have some time with you, so I don't have time for this.

Ramit Sethi: It's not a time issue. You and I both know it's not a time issue. Keep going deeper. First, you said, I'm not at the same level. Okay. Fine. Fair enough. You were not great at being a mom until you became a mom, and then it became a priority.

Natalia: I think that's the best example that you could ever—I don't know. I think that it's time for me to grow up on this and—

Ramit Sethi: Oh, okay, maybe, but I don't love it when you are saying words to yourself like, I know I need to be more responsible, I need to grow up, I need to be less emotional. I don't love it, because it feels like you're beating yourself up. And I don't think you would tell one of your friends, hey, it's time to grow up and be less emotional. Like, would you ever say that?

Natalia: No, because that's me.

Ramit Sethi: It's not about needing to grow up or be less emotional, if anything, I love hearing how you feel about your money. I love hearing that you want to fly and see your family, and see Andres's family. I love that. I want you to keep that up. But I hear so much worrying about what money could mean to you, specifically about saying no. And because of that, it's so fascinating how you behave with money. One, you avoid talking about it. That, we see. But two, in really peculiar ways, you become super committed. Did you notice what happened with the lady telling you about the insurance for your son? And you come home, and you're saying, Andres, we got to get this insurance. Do you see how peculiar that is? For most of the time, you don't want to look at any of the numbers. But suddenly, you're worried about what could go wrong, because of a random lady trying to sell you insurance. And here you are like, we got to do this particular thing. I want to recommend two things, Andres, for you. I want to suggest that as you open up this new chapter of your financial life when you communicate with Natalia, you start with money from a place of joy and excitement. If you were to start from a place of joy and excitement, what question would you ask her?

Andres: Laughing at myself. It's exactly the opposite of whatever I do. Yeah.

Ramit Sethi: Right now, where do you come from a place of? You come from a place of what?

Andres: Scarcity, you mean?

Ramit Sethi: Yeah. So, when you talk to her, when you ask her these questions, deep down, do you think she picks up on that scarcity?

Andres: Yeah, of course.

Ramit Sethi: Yeah. So, if you were to use other words, joy, and excitement, what are a couple of types of questions you would ask?

Andres: Yeah, the simple one. How many times would you like to travel next year?

Ramit Sethi: Keep going. I love this.

Natalia: Where do you want to go?

Andres: Yeah. Where and when do you want to go? Yeah. How many times do you want to go to restaurants in a month?

Ramit Sethi: This is the start of totally reconceptualizing how they talk about money, from a place of scarcity to one of joy and possibilities. And I want to address a common reaction I get when I bring this up. It goes like this, well, if I ask her how many times she wants to travel, she'll say 10 and we can't do 10. This is the fear that if you ask someone what they want, they'll say they want the world, and when you can't deliver on that, you're just setting yourselves up for disappointment.

I don't love this way of thinking. It's saying, let's not talk about what we both want, because it might not happen. Guys, that is the definition of scarcity. Just because you and your partner talk about what you

want doesn't mean you're going to get all of it. Hey, I want to eat chicken wings for breakfast for the rest of my life. Not going to happen. But the simple practice of approaching money from a place of possibility changes everything.

It shows that you're open, you're listening, and you're genuinely curious. When your partner feels listened to and they listen to you, suddenly, you can both make a plan together. And you want to know the biggest secret of all, if you follow through on the I Will Teach You To Be Rich system, you automate your finances, you earn more, and master your psychology, you might discover that you actually can get everything you want and that you just might need to set even bigger goals.

Just a couple of final points I want to mention. With the income you have, you guys have an opportunity to live an amazing life. However, you have two opposing forces pulling at you. One of them is pulling you, because you're both so focused on all the things that could go wrong, that you spend an inordinate amount of time in the negative, and that underlies so many questions that I hear from you.

What's your 10-year plan? Because we might be poor. And similarly, we need to buy this insurance, because we might die. There's a lot of this negativity being focused over here. I don't love it. I don't love it. What I would love to see is, hey, let's plan out, best case, middle case, worst case. Let's take it from hot to cool. Hot is we're going to die and our son is going to be alone. That's no good, right?

You make really poor decisions when that's how you're approaching a financial decision. Cool is saying, you know what, I think it's possible that in the next two or three years, one of us might get laid off, so let's make a plan. If we had to do it, could we cut our lifestyle down? That's a conversation that both of you can have, and you just like, look, we're a team. We have to plan for what happens if something goes bad. But you've started by planning all the things that can go well.

What if we continue getting raises? What if we manage our expenses? What do we get to do with all this money? The reason you don't save money is that you both hate money right now. You look at it negatively. But if you have a reason, okay, you know what, we'd like to work towards six months of savings, et cetera. We've already talked about Italy. Suddenly, you will see your savings account start to grow so much. You will naturally be making better decisions about where to eat or how often, those kinds of things. You will go from reactive to proactive because you did the work of creating your life.

Natalia: It's so true because we are not seeing the good part of that, and say, we're going to save for this trip, or this house, or for this whatever. And I think that it makes up the whole difference in my mind that we're not losing our money just paying banks, we are planning something great for us. And I think that way, I would save more because I'm looking forward to doing that.

I think that's the key to how my brain works, and he knows me very well, but I think that the approach was so negative and that's why I got so defensive. And it's true. We need to be prepared for the worst, but also for the best, that's what I think, that we can have a great life, and keep accumulating things, and having experiences. So, I appreciate, Ramit, for your time.

Andres: I'm just sitting here with a smile on my face. I think I just want to thank you. I'm pretty self-aware, and this conversation was one of those things that we were struggling with as a couple. And I'm not saying that it's resolved, because this is just the beginning, but it's a process, and this is the right step. And I was aware that I was doing something wrong, but I clearly couldn't see it.

Ramit Sethi: I would like to see both of you bring out the best in each other because, for your son, you can send him to all the tutors you want and get all the nannies you want, but he will learn more from watching how you two live life and use your money.

Podcast Episode 9: I hid thousands of dollars of credit card debt from my husband

Synopsis: Jordan wasn't raised to talk about money. She constantly saw her mom withhold money matters from her dad, and now, history is repeating itself. Jordan has hidden her debt from her husband, Dan, twice. He feels violated. This is not the kind of thing you do when you're saving for a down payment on a house and building a family. He needs the problem not to happen again.

Before talking this out with me, neither realized they were on the verge of a relationship breakdown. Most people don't truly appreciate the consequences of their actions. They run away from their problems and shove important issues under the rug. Jordan thought she could fix this alone, but her mom wiped out her debt the first time around (it takes her a while to drop that bombshell), and she's still learning how to talk about finances openly after growing up with a money code of shame and secrets.

Listen to their initial money visions. They're as imaginative as a cardboard box. There are lofty visions of "travel" and "a kid," but no specifics. Nothing to get excited about. No wonder why they aren't investing or saving together.

Podcast Transcript:

Ramit Sethi: I'm Ramit Sethi, and this is the I Will Teach You To Be Rich podcast. My guests today are Dan and Jordan. Dan earns \$125,000 a year and Jordan earns \$60,000 a year. And for the most part, I don't think about money that much, or at least that's what Dan thought, right up until the moment when he discovered Jordan was keeping \$10,000 in credit card debt from him, and it wasn't the first time. Let's listen in.

Jordan: We were meeting with our financial advisor for the first time and had shared it in that space.

Dan: I was running late from work and showed up at the office, and she was having a conversation with him. The first thing he was talking about as I sat down was credit card debt and how to manage credit card debt now that she had \$10,000 of credit card debt. And I was like, you have \$10,000 of credit card debt, like how? And in those types of conversations, like he was like, you didn't know this?

I didn't want to have that conversation there, like I'd wanted to keep it progressing and focus on everything we were there to accomplish. And if it happened, we need to figure out a way forward. I think what was jarring to me is that, technically, we are married, and like a good tenant of a good marriage or a good relationship period is communication, and the fact that that didn't even get shared with me, because a lot of the debt was from our wedding.

Our parents were very gracious with us and generous on wedding-related costs, and I thought, net like we were good. I even invested a little bit in advance of the wedding and made some off-the-stock market and threw it towards the wedding like I thought we had nothing. So, that was surprising to me, because I never wanted to go into debt for a wedding. Like I just thought that was outrageous. So, hearing that not only caught me off guard, but it was kind of like, why wouldn't you just share this with me?

Jordan: Yes, so horrifying. Honestly, I kept it a secret, because I thought I could fix it for a long time. I had an idea in my head that I'd be able to do it on my own. I also had this, I think, fear about what the reaction

would be. And I think after so long, it just was a part of me, and I knew how much it impacted me emotionally that I was worried about what and how it would impact Dan in the long run, like it's going to suck either way, and it sucked either way. But I had this idea in my head, I had one of those invisible manuscripts in my head that I'd fix it. And I went through it for a long time of like, I can fix it, I can fix it, I'll get it down, it's not a big deal. That, I think, is that, in a nutshell, is that I felt that I could do it myself and that I didn't need help from anybody else.

Ramit Sethi: The best predictor of your future behavior is your past behavior. So, I suspected this wasn't a one-time thing. Usually, when you see people behaving peculiarly with money, it's not the first time. By the way, this is true in many different parts of life. There's a great book called *The Gift of Fear* by Gavin de Becker, and he talks about how when violent crimes happen, inevitably, the local news will go out there, interview the neighbors, and they'll always say the same thing. He was such a nice guy. And then, more times than you can believe, they'll do a little bit of investigation, a little bit of digging, and you'll find out there was a history of unusual, destructive, or even criminal behavior. By the time you notice something is off, it's rarely the first time. Now, I highly recommend that book, it's called *The Gift of Fear*, and you can search for Ramit's book recommendations to find out more of my favorite books. Let's see if my suspicions here are correct.

Jordan: A second go around was when we were applying for our mortgage or applying for approval for our mortgage.

Dan: Lending application.

Jordan: Or, lending application. And so, both times, they came out in other places, so not like me like finally coming to my knees or like coming to the ground to be like, hey, this is happening, this is hard. They came out in, I don't know, public ways is the right way to say it, but in spaces involving other people, where that information was then like disclosed or brought up from those spaces.

Ramit Sethi: Do you think that makes it different that it involved other people?

Jordan: Yeah. The impact of it felt maybe more weighted because I didn't come to him initially, right? Like I didn't come to say, hey, I'm having a fucking hard time, I'm in debt, I have accrued this debt like I need help.

Dan: So, we put Jordan on a good track record of like, okay, let's move this debt over to a zero percent interest credit card for a year, let's figure out how you can chip away at it, and eventually like get this down to zero. She was making great progress on it. Like I think, what was it Jordan, for like two years? You got it down from what, like 12, \$10,000 to six?

Jordan: Yeah.

Dan: So, she did a great job. I think what's frustrating looking forward to when we are submitting lending applications is that it came again, and like I knew there weren't any big purchases happening or anything along those lines, and I just kind of felt like my trust was rocked in the form of really like not disclosing that since we had already been through it before and the fact of like putting thousands of dollars again back into the credit card, which is the worst debt that you can have, and not sharing about it when we're putting massive documents out there to get approved for lending, like that's an issue for me, especially since I was the one putting up all of the money for a home.

So, like I can forgive you on the first time, I can forgive you on the second time, but like as a family, if we want to have a family together and grow together like this can't happen anymore. And like we're not rich people right now. I mean, like in terms of how you define it, like, yes, we're doing pretty well for our age, but at the end of the day, like we can't afford that going forward, especially like when you think of. So, her parents were going to give us the money for a down payment or something, that money, in conversation after this, we put towards the credit card to get rid of all of that rather than putting it in towards a home that would probably appreciate, what, maybe like 4% a year or something along those

lines, like it just didn't make sense. So, take that out of the equation, now, it's like 100% me putting anything into this down payment, plus anything that needs to go into the home. So, it's heavy, but like we talk a lot about it and I think we've worked through it pretty well, but for those first two weeks, like I just kind of felt violated, and it wasn't even my money.

Ramit Sethi: Notice the language that Dan is using here. He said, my trust was rocked, this can't happen again, and I felt violated. This is a huge issue in their relationship. Now, if you were in my role, what would you do right now? Where would you take the conversation? My instinct is telling me something here, it's telling me to dig deeper, and it's telling me that they don't fully understand the implications of what's going on right here.

I've talked to lots of people, and they'll say, oh, yeah, this is a big deal, this is a nine out of 10, and the other partner will agree, but when I probe to see if they understand what's at stake, that sometimes, they are weeks away from potentially ending the relationship, the other partner is stunned. Most people don't truly appreciate the consequences of their actions on their partner.

Dan: The first time, I was just more surprised than anything, and I saw it as more of a teachable moment. The second time, it was just like, we're married like we have great communication with one another and we share everything. So, like why couldn't you share this with me?

Jordan: The emotionality of it for me and the matter-of-factness of it for him is so striking for us all the time, and not for us, I guess for me, for sure. Everything I do is with emotion. I don't have an off switch. I am constantly assessing other people's emotions, my emotions. I'm worried about other people's emotions. I was so sick about what would happen or what Dan's reaction would be. I knew it would be awful. I knew how disappointed he would be.

Ramit Sethi: I'm not buying it. Remember what I said? People with money problems love to talk about their money problems, but it's not enough to talk about your problems. It's not even enough to admit you have a problem like Jordan just did when she admitted she knew it would be awful. This is where people commonly make mistakes. They'll say things like, I get it.

I screwed up by showing up late again, or I know, I need to stop overspending on the credit card. Guys, admitting a problem is a good first step, but it's just the first step, especially when a partner is involved. They need to see change, not just hear words. I want to probe how Jordan is feeling about this. I think she's using a lot of words, but I still don't understand how this is affecting her.

Jordan: So shitty, guilt. I mean, I guess still some guilt, but better. Oh, I was going to make it up—see, I'm going to get emotional. It's hard. I mean, it's really hard. Sorry. It's so hard to think about having, like to hear how unequal they are is hard. But for the first time, I feel like, yeah, like it's not heavy, that there's a chance, like that I have a chance to do better. That feels better and okay. I mean, I haven't been able to say that, like prior, I haven't been able to look at what I have without seeing a deep dark hole.

It was hard to have to unload it onto other people. It's still hard to have to have done that, like to let other people into that hole. When I go back and think about how it came, how the information came out, like how it finally came to be, I regret it, but I don't know how I would have been able to have gotten to that point, otherwise, I don't. And that's so scary to think about. It is. It's so horrifying to think about.

Dan: As a partner and being someone who's solution-oriented, like there's no way that I can't just like not help her through this and try to make it more approachable. And we've had those conversations, like we talked about previously of like, okay, how do we make this where you can be a little bit more vulnerable and I can help answer questions to make it better? But at the end of the day, it's just a tough scenario, and it's still relatively new, even though it happened once, previously.

Ramit Sethi: Yeah. One of the things I'm hearing from you, Dan, is that it sounds like you are willing to engage, have discussions, and understand her perspective, but also, you need this problem to not happen again.

Dan: Yeah.

Ramit Sethi: At this point, I was feeling a little stuck. I had hoped to get them to talk about what the consequences of this behavior would be on their relationship. Instead, we sort of got sucked back into this black hole of how she feels bad. And that's very common. Again, people with money problems love to talk about their money problems. At a certain point, it almost becomes intoxicating, you cannot escape it, and yet you have Dan over here who's being, matter of fact, very cool about it, and that can be very dangerous to the relationship. So, I was feeling stuck, so I decided I was going to zoom out and see if I could figure out what their worldview of money is. When you think about money, what's the first word that comes to mind for you?

Jordan: Oh, whoo, I associate my mom with money.

Ramit Sethi: Bingo. I didn't expect that, but boy, oh, boy, is that a clue? What word comes to mind when you think about your mom and money?

Jordan: A lot of it.

Ramit Sethi: She had a lot of money?

Jordan: Has.

Ramit Sethi: Has a lot of money. Okay.

Jordan: I think right now, that's what I think of. If you were to ask me a couple of weeks ago, and you had said money, I would have said something probably dark.

Ramit Sethi: Like what?

Jordan: I have like black, death. Like, really, yeah, dark, like it was heavy. Heavy. I would have said heavy. I think a lot about how I was raised with money and how I wasn't. We didn't talk about it. My mom, there are still some secrets in their relationship, and I see a lot of that, it's gone. I don't have it anymore. I don't have debt anymore.

Ramit Sethi: Why? What happened?

Jordan: Because my mom paid it off.

Ramit Sethi: Jordan just went off on a long digression about money and Dan, and then right at the end, she mentioned that she used to have debt and that it magically got paid off. I was like, what? My sister's a doctor, and there's a running joke in the medical field that you sit down with your patients, and you ask them, what's wrong? And they go, nothing, doc, I feel fine, it's just I'm a little tired sometimes. So, you talk for 15 minutes, and then as they're walking out, they have one foot literally outside the door, they turn around and go, oh, by the way, Doc, I can't breathe at night, and my head started bleeding two days ago, and both of my feet are swollen. Anyway, thanks for the Tylenol prescription, talk to you next time. This happens to me all the time. Like this. Why? What happened?

Jordan: Because my mom paid it off.

Ramit Sethi: How were you raised as it relates to money?

Jordan: I always had it. Always had, I could always ask for it. It was always there.

Ramit Sethi: And who brought in the money in your family?

Jordan: My mom.

Ramit Sethi: Your mom. And what about your dad? Did he work?

Jordan: He had a lot of seasonal jobs. He had had a full-time job at one point and then got pretty sick, so wasn't able to do that. And so, there were a string of sort of incidents that led to him being unemployed for a long time, and then trying to find work, and not being able to find work. So, money, it's a sensitive topic in my family, but it's also a very open topic as well.

Ramit Sethi: What do you mean?

Jordan: We talk about it, but it's touchy, how my parents spend it, who spends it. Yeah.

Dan: I think you'd have to go a level deeper on it, too, because like her parents were raised very differently. Her mom's family like grew up in corporate America, and her grandfather was like a staple of the community. Her dad's side of the family was dirt poor. So, like when you put those two together, that's very much how their relationship is today. So, like her mom is the breadwinner, her dad is retired early and kind of just takes care of the community around him, and he's kept that, I grew up poor mindset, so I can't spend this money. There are a couple of levels to why her mom doesn't necessarily share things with her dad because her dad would just go crazy about it.

Jordan: He's possessive of how it's spent, who spends it, who gets it. I think about this a little bit in sort of our relationship, too, maybe it's just like, I don't make a lot of money, my dad didn't make a lot of money. Dan and my mom are very similar, my dad and I are very similar, in that I think money for my dad and is emotional or can be emotional in that sense. And I think a lot about the way he uses or doesn't use money, it's so varied, it's so varied. Yeah. So, I guess from that perspective, the sensitive thing, right? So, we talk about it, and then we'll be in conversations with my parents, and we talk about money with them, but then it depends. It's very delicate. So, my dad needed a new car at some point and has never owned a brand-new vehicle. Mom had said, what kind of car do you want? Right? My dad loves a G wagon. It's like his dream car. And my mom was like, great, let's get you a G wagon, we can get you a G wagon. Absolutely. So, now, he's driving my 2004 Ford Escape that has a cracked windshield, and you know what I mean? He could not possibly imagine having put money into a car.

Ramit Sethi: I see. It sounds like your mom would have easily been able to afford that and he wanted it, but he just couldn't bring himself to accept that. Is that correct?

Jordan: Yeah. And I've been in occasions or conversations with my mom, where we talk about like, is this something that we tell dad, do we not? Dan's been there, too, we're like, oh, do we tell him? Do we not tell him? Like if we do tell him, how do we tell him? Do we tell him all of it? Do we not?

Ramit Sethi: Because what? If you tell him, we're going to go buy this expensive thing, how is he going to react?

Jordan: I wish you could see my facial expressions, whoever is listening. Dicey.

Ramit Sethi: Can you think of an example?

Dan: Deeply hurt.

Jordan: It hurt. That's a good one, hurt.

Dan: Deeply hurt and angry.

Ramit Sethi: Why?

Dan: Being the emotional guy, because he wasn't consulted, and he didn't have a say in it.

Jordan: He's not involved.

Ramit Sethi: Even though he's not the breadwinner.

Jordan: Yeah.

Ramit Sethi: It's irrelevant.

Jordan: Yeah.

Ramit Sethi: So, you walk on eggshells when it comes to financial things, you find it difficult to bring certain things up, and you strategize about what to bring up and what not to bring up. And I'm going to venture to guess that you have probably forgotten on a couple of occasions, and something slipped out, and he got angry mad. Can you think of an example like that? Okay. This is it. This is the clue.

Ramit Sethi: Remember a few minutes ago when I asked you, what would you do if you were me? Now, as you're hearing what Jordan is saying about how she was raised, would you change your answer? What we're hearing right now is the crux of what's driving Jordan's behavior, her overspending, and more importantly, her hiding of money. Can you hear it? Jordan, do you think there are any cultural issues and/or gender issues with-

Jordan: Oh, yeah, oh, gender, for sure.

Ramit Sethi: Talk to me about this.

Jordan: My dad is a macho. I mean, I think there's a lot that goes into him not making the money in our family as a male. I think that there's a lot of sensitivity to the fact that he doesn't provide for our family in some sense, right? And I think what's so fascinating is that—so I'm a psychologist. I mean, mental health is my game. Like I self-analyze the hell out of everybody, and I think so often about my dad providing in so many other ways. He does.

I mean, he is the backbone of our family for so many reasons that aren't bringing in money or having a job, but I think it cuts him in pieces. He worries very much that my mom will leave him, like that there's this other mysterious person out there that my mom could be with, right? Like why is my mom with him, or why is your mom with me? Right? Like I don't bring anything to the table. Why are we still together kind of a thing? It didn't go on-

Ramit Sethi: Did he say it?

Jordan: He'll say that in spaces, yeah. Yeah, pretty openly, I think. Yeah, I think that, if anything, there's gender roles. I think the gender things play into it very much.

Ramit Sethi: Here's what I'm noticing. Jordan grew up in a dynamic where she was trained to walk on eggshells around money. She strategized about what to say and what not to say. If you learn from a young age that money issues are secretive and shameful, it's almost no surprise that Jordan has grown up to keep financial secrets to herself and her partner. And these are secrets that carry strong, negative emotions.

Imagine that from a young age, when you see money, you don't just see a five-dollar bill, you have an entire extra layer that rings in your head. Should I talk about this? Will Dad get mad? I should probably just be quiet about this and not mention it to anybody. It's constant. It's ever-present. And after a few years, it's just a low-level buzzing in the back of your head any time money comes up. You may think

you're good, but deep down, this is like a tiny needle that's pressing on your skin every day for 25 years, you've just learned to live with it.

Jordan: At one point, probably the second go around, I would look at my credit card statement, and I would say, well, I've already got this much, so I might as well just keep on going, or I've already got this much, there's nothing that I can do here. There's nothing that I can do that's going to make this better, so why bother, or why bring somebody else in? Right? I think that was a big one for me that I kept asking myself, why bring somebody else into this space when it's so awful?

Why do I need to bring somebody else into this? It's already awful for me, I don't want anybody else to feel like this. I didn't want anybody to feel what I was feeling. I felt awful. To have somebody else feel that way didn't feel like an option. I'll give you a real-life example. So, I got charged extra for this massage and the membership that I have, and I was like, uh-uh, I just read Ramit's book, I'm about to call them, and I'm about to get my money back, and I'm about to cut them up, right?

And it didn't work. I came quick, real fast. So, I'm trying, I think the more that I can get into it and the more that I can familiarize myself with the terms, and the knowledge, and that stuff, I certainly have more of a drive to do it than I did before. I can say that 100%. I think one of my invisible money scripts was, I can't do this, I can't do this, it's too overwhelming.

Ramit Sethi: Well, you said to me yourself that you are an emotional person, and the way you said it was almost as if to relinquish control.

Jordan: Yeah.

Ramit Sethi: I'm an emotional person, therefore I'm not good with money.

Jordan: Yes.

Ramit Sethi: And can you think of anyone else in your life who's emotional and not good with money?

Jordan: I mean, my dad, but he's still good with money, he just doesn't use it. Does that count?

Ramit Sethi: I guess. Would you describe him as good with money?

Jordan: No, because he doesn't use it.

Ramit Sethi: Yeah, so he's not good with money.

Jordan: Yeah. You got me. Yeah, 100%.

Ramit Sethi: You living out the programming of growing up with your family as trite as it is, but it's no surprise. And when I hear you talking about the anxiety you felt about even bringing it up, because as you said, you spend 50% of the time on yourself, 50% of the time on Dan, and add those up, you were 100% preoccupied with, what would he say? That fear becomes so looming, that it suddenly becomes its problem. And what do we do when we encounter problems?

Most of us are not solution-oriented. It takes a lot of work to become solution-oriented. So, most of us, when we encounter the problem the first time, do the same thing everybody else does, we run away. So, I can see why the first time, it happened. That, I understand. The second time is much trickier. I want to dig into this idea because you've both mentioned potentially having a family at some point. And this seems like a really important issue to get corrected before that happens, adding that kind of complexity with a child or children would be very, very challenging.

Jordan: I think short-term right now, we're trying to buy a house, so a house, for sure. Long term, I think travel is a big one for us, and wanting to be able to travel without having to worry, that we can just pick where we want to go and we can go.

Ramit Sethi: And where do you want to go?

Jordan: Oh, okay, what was on our—I mean, Spain, I think, is the next one we got to—Spain.

Ramit Sethi: So, a house and travel, are very good. Dan, what about you?

Dan: I mean, the house is the biggest piece for us right now, just because we live it every single day, especially in this crazy market, like that top one, two, and three for us at the moment, just because we're so engulfed in it. I think like two for me is I see it as more kind of like a step after the house is having a kid.

Ramit Sethi: Do you guys save together?

Jordan: No.

Dan: Uh-uh.

Ramit Sethi: Do you invest together?

Jordan: No, we haven't gotten there.

Ramit Sethi: Okay. Do you know why you don't save and invest together?

Jordan: All my money was going towards debt and I was keeping that a secret. And so, to have those things together meant that, somehow, I saw a connection between—that's my initial thing.

Ramit Sethi: Nope, that's not it. She thinks that's it, but that's not it.

Dan: That first time when we walked into the financial advisor's office and I learned of all the debt that she never shared with me, so like that kind of made me feel some sort of way.

Ramit Sethi: One of the principles that I want to share with both of you is something I crystallized when I went on our honeymoon. You might remember this story from episode four of the podcast, where I sat down with John and Wendy to teach them about the importance of having skin in the game if they want to play together. Skin in the game. It means if you go on a trip, everybody who comes needs to plan at least something, even if it's just bringing sunscreen. If you haven't heard that episode yet, go back and listen to it for the full story so that you understand this rule.

But essentially, the key principle here is that one way to get buy-in is to make everybody have to put a little skin in the game. If you're bringing someone along with you in whatever part of life, they need to put some skin in the game. Now, I think that there's an opportunity for both of you to do the same thing here. One of the reasons that you both are not saving and investing beyond the secret debt and all these things is that neither of you have anything you're saving for. Everything you're saving for is boring. Did you hear it? Do you guys remember what you told me?

Jordan: Yeah.

Dan: I'm pretty excited about this house, Ramit.

Ramit Sethi: The house is cool. Okay. I'm sure it's a beautiful house. I'm sure it's great.

Dan: What about the future kid?

Ramit Sethi: What about it?

Jordan: I thought Spain was nice.

Ramit Sethi: What about the kids? You didn't tell me anything about what you want to spend the money on.

Jordan: He did indicate that it was going to be a male, which I don't appreciate.

Dan: No, I didn't.

Jordan: Yes, you did. You said he, and we can roll the tape back, but that's neither here nor there.

Ramit Sethi: Well, okay, we can talk about the gender stuff later, but I have to tell you, Dan, I'm not excited about saving for a kid. What are you going to spend the money on for your son or daughter?

Dan: Alright, you got me.

Jordan: Some Js.

Ramit Sethi: Hold on. I'm not trying to get anybody, I'm trying to get your dreams out on paper so that you both have a reason to save together. And when you do this, Dan and Jordan, you're not going to have to push each other, which, I found, is a losing battle, especially when you are at divergent levels of expertise and interest, but rather, you're going to be pulled towards the things that create your rich life.

So, I want to do a different exercise this time, because I was bored by what you told me, Oh, I want to travel. So does everybody. I want to breathe oxygen. Did you get anything else for me? Let's dream a little bigger. So, instead of a couple of things that you're interested in, I want to ask you both to take 30 seconds and I want you to think about your bucket list items, the amazing things you want to do or accomplish. And it could be individual, it could be joined together. Take 30 seconds.

Dan: I want to have multiple properties in different cities for us to be able to travel to. So, I would love to retire well before 65 and have a couple of different properties that we could either Airbnb on the side, and then enjoy with friends and family if we want to go visit the city. For example, I would love to have a house in Savannah. I would love to have a place in New Orleans. Another spot in Minneapolis and such.

Ramit Sethi: Fantastic. Way more compelling. I love this. So, you have this concept, you have multiple properties, and they're big enough that you could go with friends, you could let them stay while you're not there, and you can Airbnb it out for a little extra cash. And what age do you want to retire?

Dan: Man, I'd love to retire at like 55.

Ramit Sethi: Okay. This is a vision. Fifty-five, you're driving around to the, oh, let's go to New Orleans today. Ah, you know what, Minneapolis tomorrow. That's a rich life. Okay. Hold on to that. I love that. Jordan, what about you?

Jordan: I have two. One's together, one's individual. Together goal, I hope you're not going to think this is boring, man, I want to take Dan to Italy. I want to do a full-on, like a top-to-bottom train trip to Italy. Like start at the top, start in Milan, Cinque Terre, come down to Florence, Siena, do the whole Chianti region, the south is a little scary sometimes, but I want to take like an entire, I just want to go top to bottom Italy together. And actually, I'd like to bring my family, too. I like traveling with our family. I think it'd be a great time. I'd like to bring my family along, our families along, and do an entire top-to-bottom Italy, full-court, appetizers. I want the cheese board and play, I want the bottle of wine, I want all that. I want that.

Ramit Sethi: I love it. I am inspired and my mouth is watering. Okay. Hold on. I have to ask a few questions because this is the kind of trip that I'm living on. How long is this trip in your mind?

Jordan: A month.

Ramit Sethi: A month. Okay. So, that means both of you take a month off of work, whatever work is, to do it.

Jordan: Yeah.

Ramit Sethi: Great.

Jordan: It definitely can't be less than a month.

Ramit Sethi: Oh, at least a month. Beautiful. And you seem to know all the cities that you want to go to. You know that you want appetizers, you know the kind of food and drinks you want. Is there anything else in the back of your head you know, I'm going to do this?

Jordan: In Italy?

Ramit Sethi: Yeah.

Jordan: It's got to be in the summer. Summertime. I would even like, what are those like boats that you get to take, the gondola? I want a gondola involved there. Oh, the Amalfi Coast. That's the other one. You've got to hit the Amalfi Coast and do—like I think you wrap up the Amalfi Coast on the beach where you're relaxing, or like you spent all that time hustle, bustle, all the cities up top, mid-region is Chianti, so you catch your breath there, and then you hit the Amalfi Coast at the end to like top it off, cherry on top.

Ramit Sethi: Who's coming with you? How many people?

Jordan: I think, oh, two—I'd be intrigued to like bring people in and out, like we say, hey, we're going for the month, right? We're going for one month. This is where we're going to be. Hop in, hop out. It's like one of those hop-on, hop-off bus tours.

Ramit Sethi: I love it. Dan, what do you think about this trip?

Dan: It sounds fantastic.

Ramit Sethi: Did you know about this idea that Jordan has had?

Dan: She's always wanted to take me back to Italy because that's where she studied abroad for six months. So, it was a very special place in her heart, and my extent of traveling to Europe was like the UK for a week, so I've always wanted to go.

Ramit Sethi: Okay. You guys, this is exciting. This is visionary. This is the kind of stuff that gets you both a reason to talk about money regularly, to learn about the mechanics of money, and to start investing early and consistently. It's great because one of the things I wanted to emphasize on our call today is nothing wrong with having emotions about money, and I've had to learn this. I grew up very utilitarian, and practical.

Like I said, I want to get to the model. The model does not have any emotional turmoil. It's just math. It's so simple. But what I've learned is money is emotion. It's psychological. It's rooted in our childhood. Nothing wrong with that, but you also have to apply a level of mastery to the mechanics of it. It's just like

driving, right? It can be scary, but you need to learn how to drive. Great. How do you feel about learning about personal finance?

Jordan: It's better. I feel capable of taking in information and asking questions about the things that I don't understand.

Ramit Sethi: Yes, beautiful, you trust yourself, yeah, this is a new language you're learning. Of course, it's going to be hard, you're making some mistakes, you're going to trust yourself, and you have Dan, who's experienced, and aligned with you. So, if you have questions, you can ask him about it, right? Another thing is you are emotional about money, and so am I, and so is Dan. That can be a strength when you balance it with this new knowledge that you're going to get from reading the book and practicing it.

Jordan: Yeah. I love the metaphor of like, it's a new language, like learning a new language. It feels like that. That resonates a lot. I think there's such a stigma in talking about money, and I know that firsthand. And so, this, I think, was another nice step for me in the space of being able to naturally talk about money.

Ramit Sethi: This was an interesting conversation. There is still a lot for Jordan to unpack about how she was raised around money. There's also a lot for both Dan and Jordan to construct in their new joint way of looking at money. But one of the things you heard me do just in the last few minutes is to shift them away from talking about their problems, which exist, and are real, and need to be addressed, and to start talking about what they want to do with their money.

In other words, it's typically a very bad strategy to sit there and only talk about problems. It's also a horrible strategy to tell people, you have to stop that, berating people does not work. I found it's way more compelling to help people construct their vision of a rich life, and then teach them the foundations. Learn how a Roth IRA works. Learn your debt payoff date. And when you combine those two things, it's a beautiful, rich life vision, plus the basic foundations and mechanics of money, you're on your way towards a rich life.

Podcast Episode 10: Money is overwhelming, so we find instant gratification elsewhere

Synopsis: Jacques and Jennifer are stuck in a money rut. They are trapped by their \$40,000 debt. Jennifer feels overwhelmed with money talk, and Jaques does not want to say no to his wife. When he comes home from work, they are both tired, so they order takeout, overspend...and repeat the cycle. This is not a math problem. It runs deeper into their money identity and sense of self.

Jacques grew up in a poor household and always said no, so he would do anything not to feel that way again. As a stay-at-home mom, Jennifer feels the money is "his," so she finds control and comfort in food. Suddenly, all these restaurant trips and takeout receipts are starting to make more sense. The relationship between food and finance is a tricky one to navigate.

Then I ask about their Rich Life. Listen to how vague they are about their future financial goals. When you have a large debt that seems insurmountable, it is hard to look ahead. But there is a way to get them to take ownership of their money.

Podcast Transcript:

Ramit Sethi: My name is Ramit Sethi. Welcome to the I Will Teach You To Be Rich podcast. My guests on this episode are Jennifer and Jacques, who contacted me because they're in debt and they just feel stuck. Now, the more I talk to them, the more I realize how common their situation is. He goes to work. She stays home with the kids. At the end of the day, they're both tired. They order takeout. They overeat. They do not track their spending. But something really interesting happened when we shifted from their problems going towards a solution. And as I always say, people who have financial problems love to talk about their financial problems. They are problem-oriented and many of them can spend their entire lives talking about what's not working. But as I switched them to focus on what their rich life is, we had a pretty fascinating breakthrough. So, listen to today's conversation with Jennifer and Jacques.

Jacques: I feel like she's spending too much, and I'd like to pay the debt, and the reason she spends a lot, she's asking me when she asks me to buy something is because she's asking, are we have enough money, right? And I just want to say yes, because I don't know, I want to please her, right? So, it's things like buying, ordering out, because we can't go to restaurants right now, but ordering out for me is, every once in a while is fine, but if we do it more than once a week, then it's starting to be too much. But I've never really mentioned it, so a lot of work.

Jennifer: I feel like I'm in the dark. He's the one who takes care of the finances, mostly because when it comes to that, I'm more visual, so I have to have a chart and everything, but because numbers are not my biggest strength, the moment you see numbers, it feels like a whole other realm as much as I want to know what's going on. So, the moment we started talking about the budget, I knew we needed to get a budget and get things in order, but I felt overwhelmed.

Because I don't know what we're—like I don't know, I feel like I'm in the dark, so I kind of played blind, and okay, well, he'll take care of it. So, I'll be asking, okay, do we have money to buy this or do we have money to buy that? And it's mostly, usually stuff that we need for the kids. It's not like I'm asking for a purse or something, because I'm always kind of asking permission.

Ramit Sethi: This is a common pattern. It's one partner throwing up their hands, saying, I'm not good at money, can you just do it? And then, over time, that very same person starts to feel in the dark. They feel out of control. Sometimes, they feel resentful. So, they push and they demonstrate their discomfort in lots of different ways. They'll start fights about interest or cable bills. But the real problem is not the cable, it's deeper.

It's a feeling of being out of control. Now, it's really easy to sit back and yell at them, well, you need to learn about money, duh. Well, that's easy to say. There are often very good reasons why people don't just pick up a book, and I say that as someone who wrote a book on personal finance. Listen to how Jennifer's psychology and her behavior are affecting her.

Jennifer: So, I need to get them stuff, and of course, I'll get anxious, so I can't sleep. So, Jacques, I think he doesn't want to cause me grief, and more worry and stress, so he kind of doesn't talk to me about the numbers, kind of like—well, I know he means well, but I do feel like a child, because I feel like, oh, well, he's taking care of me, right? But at the same time, I'm kind of sick and tired of having to ask all the time.

I know I'm the stay-at-home mom, so money-wise at the moment, I'm not bringing anything. I haven't for a few years. So, I feel like it's his money, because he's the one bringing the income home, so I don't want to ask for money, so I kind of don't ask. And with all the restaurants we've been adding, well, then I just feel like, okay, well, I'm burnt out being at home all the time, can't go out, because we're in a red zone here. So, I feel like—but the moment he talked about it, he's like, okay, let's talk about the money, I get overwhelmed.

And when I get overwhelmed, well, we kind of just shut that conversation out, because he doesn't want me to be overwhelmed. So, I know he means well, it's just I know though that I need to figure it out somewhere. It's pretty much the only thing that's a stress point in our relationship. That's it. We are usually pretty good at communicating with one another, except for money. That's the one thing. I know what he means I would love to pay the debt, I just personally don't know how to get there.

Ramit Sethi: Well, let's make sure my instincts are correct. What are the actual numbers? 80,000 household income, would that be accurate?

Jennifer: Sure.

Ramit Sethi: Ballpark. Great. And let's talk about any debt. How much?

Jacques: Well, like I said, we're selling a house right now. Once everything's done, we're going to have around \$40,000 in debt left from credit cards and other things.

Ramit Sethi: Tell me about this debt. How did you incur this 40K of debt?

Jacques: Well, part of it was when we repainted the Jeep and part of it was just overspending. I went from a higher-paying job to a lower-paying job, so we had to cover that. So, yeah, it was just basically overspending.

Ramit Sethi: I know it's overspending, but why?

Jacques: Restaurants, going out like on trips with the kids, not like fancy trips, but going to see the family. It's a minimum of \$500 per trip with the gas and food on the way there. And once you're there, you go out with the family and all. There are activities with the kids, things we need in the house, things like that for us, for the kids, or the vehicles, or in general, that's what it is.

Jennifer: Sometimes, it's emergency stuff. I found one big chunk was the Jeep's cost. Of course, with the pandemic, we had decided to get the Jeep repaired, because it needed quite a bit of repair. And with the pandemic, the price kind of doubled by the time we got our quote to get it done with the pricing of pieces going up double and all that. But it is the spending here and there, restaurants, and like Jacques said, we go visit the family in New Brunswick because we live far from them. It's little things that kind of seem to creep up.

Ramit Sethi: This is a very common response that you'll hear from people whose finances are out of control. They will constantly describe little things that seem to come up. Why? Because in the small view that they have on their financial life, the 50 feet that they can see ahead as they're driving, there's always something. But if they zoom out, if they can get a bigger perspective, maybe see a mile down the road or a month forward, maybe six months forward, they start to get a better grasp on them, and they realize, oh, that surprise car repair that seemed to come out of nowhere, that seems to come around every three years.

Maybe we can put 20 bucks a month aside so that the next time it comes out, we're ready for it. Again, people who are out of control with their money will constantly feel like they're taking one step forward and two steps back. That feeling is real. We can't dismiss it. What we can do is help them zoom up, look at the bigger picture, and switch to planning a little bit more proactively.

Where do we want to go?

Jacques: I'm not even sure myself, to be honest. I usually see a couple of months ahead of me, and that's it. If you asked me where I want to be in a year, hopefully, I'll be here, but might not, right?

Ramit Sethi: Yeah, living month to month is very difficult. That's all you can see. It's like driving in a snowstorm. It's very scary and difficult, and half of it is just, I hope there's nothing 50 feet ahead of me.

Jennifer: Yeah.

Jacques: Yeah. And that's the reason why we won't take care of it I'd like to have some protection in case there's something in front of us like that that we don't foresee, right?

Ramit Sethi: Yeah. And I also want to go beyond protection.

Jennifer: Well, yeah, because we do have plans, like Jacques, we were talking about, where we'd like to have a cottage in New Brunswick, so when we visit family, we could stay there instead of staying with family, because when we visit, we stay with family and it's getting annoying. And when we go there, like, well, let's get a cottage, and then we could rent it out when we're not there, because we'd only visit a few weeks a year and the rest of the time, but it's to get the money to get to that, to make future income. And then, we're like, oh, we'd like to travel, but we can never seem to put it in a concrete plan like it's so vague.

Jacques: Yeah.

Jennifer: Because usually, when it's—

Ramit Sethi: Why is that?

Jennifer: I don't know, because it's weird, because when we decide to like, okay, this is what we want, we go there, it happens like, snap, like really fast. When we decide that this is the way we want to go, it usually happens extremely fast.

Ramit Sethi: Well, that's the opposite of a plan, though. You're telling me when we decide to do something, we do it overnight. Okay. Great. That's good. You're very spontaneous, but a plan is the opposite. It takes years and years of slow, putting work, and automatic transfers. It takes a longer vision than let's go buy a house or let's go on a trip.

Jacques: Yeah, that makes sense.

Ramit Sethi: You can hear me slowly starting to shift them away from a problem orientation to a solution orientation. I'm taking it very, very slowly. I don't think they're fully bought in yet. You can kind of hear it by the, okay, but let's see where it ends up. Again, this often takes months and months of work, but I've got a limited time, so I'm going to try to do my best here.

Can you tell me when this debt will be paid off?

Jennifer: At this rate, it would be 20, 30 years at the rate we're going right now.

Ramit Sethi: Okay. And how does that make you feel?

Jennifer: I hate it. I hate it because I know we're paying so much interest right now here and there, and it's all money that we could be paying off the debt, and putting aside, and saving to buy things not credit or save so we can go to a trip, or save for a future cottage, or this, or that. Instead, I feel like we're throwing money out the window.

Ramit Sethi: Yeah, you are. Let me go to you, Jacques. When do you think you will pay this debt off?

Jacques: The way I calculated it, it will be 15 years.

Ramit Sethi: Fifteen years. Okay. I am wondering, with 80K of income and your rent price looks pretty good, 1,500 is good. It's not too much. A lot of people spend too much on their housing. You have affordable housing. That's good. Your car may be a little high, but eventually, that will get paid off. Where's the rest of the money going?

Jennifer: Food.

Jacques: Yeah.

Ramit Sethi: Food like groceries or food like eating out?

Jennifer: Both. Groceries and eating out. Like it's funny, well, we were talking about that a little while back. We have issues buying ourselves a piece of clothes that might be 50 bucks, \$20, or \$40, but we have no issues going out to the restaurant one night and pay \$50 for takeout.

Ramit Sethi: Why is that?

Jennifer: Well, as you can see, I'm big, so food is my addiction. And it's just my comfort, the way to comfort myself, and I've been working on that. But it is a way of like, oh, well, it's okay to spend it on food, but not on other things, right?

Ramit Sethi: I appreciate the honesty on that.

Jennifer: [Indiscernible].

Ramit Sethi: Yeah, that's a tough situation, but you have a very high level of self-awareness.

Jennifer: I've been doing a lot of work to get through that.

Ramit Sethi: There is a relationship between food and money. When I first wrote my book, which was published in 2009, in the introduction, in the first chapter, I wrote about the similarities between food and money, how we often don't track what we eat, how we often don't track what we spend, how we often listen to fad diets, and how we often do the same thing with fad investments. When I wrote the 10-year update to my book, the 2019 Edition, an editor who was working on the book strongly encouraged me to remove that material.

And she said that it was offensive to write about the connection between food and money. In the intervening 10 years between writing the first edition and the second edition, I had gone through a fitness journey of my own. I used to be very skinny. I would call myself a skinny Indian guy, and I wish, looking back, that I had not said that, that I had not condemned myself to a self-fulfilling prophecy.

In the intervening time, I learned how to change my body, and I learned that a lot of the things I believed about myself were not true, and I needed a lot of help. I had the help of friends, and trainers, nutritionists, and eventually, I started to feel in control, that if I wanted to put on muscle, I could, if I wanted to cut fat, I could. And so, I told the editor no. I insist on keeping this material in the book, because more than ever, I see a connection between food and money, and I've seen it with many of my own I Will Teach You To Be Rich readers.

Many of them take control of their money, and they realize, oh, my gosh, if I could do this, the thing that I was never good at, what else can I do? Commonly, I Will Teach You To Be Rich readers later go on to change their fitness, their food, and their nutrition, because many of the skills are transferable. So, I wanted to add that here, because it's really important.

What Jennifer is doing, she's being so honest about being out of control with food, and I was candidly very surprised at how honest she was, how self-aware she was. You can see that there's a relationship between food and money. And so, I want to approach this with compassion, not judgment. And I just want to share that, oftentimes, when you're out of control in one part of life, it can feel like dominos. On the other hand, when you start to make steady progress, even a tiny bit of progress in one area, it can cascade into other areas of life as well.

Jennifer: For me right now is just taking that stress off. With the whole COVID stuff going on, and the pandemic, I'm stuck at home as a stay-at-home mom, but I still can't go outside and socialize. And we just moved to this new city that I don't know absolutely no one. So, I've been alone for months now. And when Jacques gets home, I know he's tired from work and he needs his own time, so I leave him alone. So, when it comes to making suppers, I feel so burnt out and I don't want to be around anyone that it's easy access. It's the only way I can seem to have a certain sense of control and relief for a moment, I guess.

Ramit Sethi: Yes, that's it. You both understand your behavior pretty well. Understanding it doesn't change it, but I love the way that you are in touch with why you are doing the things you do. Jennifer, you're nailing it, it's control, it's relief.

Jennifer: I feel the numbers and I see like—for example, my credit card. I have one credit card, and it's maxed out at the moment, and I see the interest that I pay on it, and I'm like, big words, I'm just like, I'm paying all this money for interest when I could be paying if we had it in one big loan with less interest, and pay more of it, so we can pay it faster or put it aside to build some savings, so we can buy that cottage that we want down the road. When I see the numbers, I get mad at myself that we're in that situation, so I just want to put the blinders off, because I'm sick and tired of being mad. I'm like-

Ramit Sethi: Well, you are sick and tired of being mad and you've done everything except confront the problem.

Jennifer: Pretty much.

Ramit Sethi: I hear, deep down, that both of you believe you've already lost, you've already lost the game of money. And so, why not just give up and order this food? We already got 40K a debt, an extra 40 bucks isn't going to change anything, and at least we'll feel good for a couple of hours.

Jennifer: That's it. For me, that's how I feel, yeah.

Ramit Sethi: This is classic. In personal finance, you see this in two particular areas. This is the idea that if I'm not perfect, I might as well throw it all away, and forget it, none of it matters. The first area is the area that Jennifer is talking about, which is people in debt. People in large amounts of debt, at a certain point, these people go, "What does it matter? Forty bucks? It's not going to change anything." Might as well be happy. That's exactly what we heard Jennifer saying. Can you think of the second category? The second category of people who say, I have lost the game, so forget it. Well, the answer is, parents, I will frequently get DMs on Instagram or Twitter, my email. They say, how much should I save for my daughter? I said, how old are you? And what is your financial situation? They go, oh, I'm 44, I don't have anything saved up, but just had my daughter, really need to start saving for her. I go, your daughter has time, you do not. And what they are saying is, I believe I've lost the game of personal finance, but at least I can win it for my daughter. Jennifer and Jacques are smart. It's not that they don't know they should pay off their debt. There is something much deeper here, and finally, we are ready to start talking about it. Listen.
What is it, Jacques?

Jacques: Well, I think part of me wants to say yes. So, when she asks me for stuff, I want to say yes, right? She's my wife. I love her. I want to please her. So, part of it is that, right? Because I want to say yes, and that's why, sometimes, she'll ask me a couple of times, oh, can I get this, can I get that, stuff for her, I'll be, no, we don't have the money, no, we don't have the money, like, fine, get it, right?

Ramit Sethi: In your mind, is creating a plan, does that mean saying no?

Jacques: Well, we got to say no to some things, right?

Ramit Sethi: Well, you haven't yet.

Jacques: True.

Ramit Sethi: So, let me see if I can get this right. Tell me if I'm off. I like to be a good husband, I don't like confrontation, I want to say yes, I want to please my wife. Deep down, I know there are a couple of things we probably shouldn't do. We probably shouldn't go here and maybe buy this, but sometimes, she asks me, and I don't like the confrontation. I know she's going to be upset, so I say yes. I know it's probably going to cause problems down the road, but I'm just trying to get by day to day here.

Jacques: Yeah, pretty much on the dot there. From a young age, I was always told no, like when I grew up, my mom was a single mother. We didn't have much money, so any time I asked for something, it was no, because we just didn't have the money.

Ramit Sethi: So, keep going. Trace it to yourself now. How do you think a child reacts when they hear, no, no, no, no, no?

Jacques: My needs are not important. What I want is not important, because I always got told no, right?

Ramit Sethi: Yeah. And then, what do you think is a possibility for how someone reacts to that as they get older?

Jacques: Well, just trying to please people, I guess that's-

Ramit Sethi: Why? What's the connection between being told no by everybody in the family, and then saying yes? What's that connection? How did it feel when they told you no?

Jacques: Well, it sucked, but eventually, you get used to it, right?

Ramit Sethi: I mean, do you? Do you get used to it? Does it ever feel good when somebody tells you no?

Jacques: Well, no. But like I don't put myself in a situation where somebody will tell me no.

Ramit Sethi: Exactly. Eventually, you say, that is painful, so painful that I'm just not even going to ask because I don't want to hear no. And then, growing up, getting in relationships, this relationship, do you think it's possible that somebody who's been told no their whole life says, I felt so bad, I never want to feel like that, or have anyone who I love feel like that, so I'm never going to put them through what I went through?

Jacques: Yeah. That's the first time I thought about that.

Ramit Sethi: Yeah.

Jacques: I've never connected the dots, right?

Ramit Sethi: This is a really big realization. Oftentimes, we behave in ways that seem rational to ourselves. And if I asked you, why did you say yes to this? Well, it was a long night. Why did you say yes to that? Well, she asked me four times. And there's a reason, our minds are good at creating reasons. I'm

not concerned about the math here. This isn't a math problem. I want to say it again because I need to say that. This is not a math problem.

Jennifer: It's to take charge and do it.

Ramit Sethi: Yeah, but if that were the case, you would have done it already, like motivational phrases only, they're like snacks, they only get you so far. So, what's the real problem?

Jacques: Not wanting to put myself in a situation where I have to say no.

Ramit Sethi: Right. That's a deep, deep issue. If you pull on that string, you're going to end up back being three years old or four years old.

Jennifer: For me, it's more of an instant gratification. I want it now versus waiting.

Ramit Sethi: Yeah. Do you see any similarities between food, instant gratification, and money?

Jennifer: Oh, yes. Pretty much everything is like that.

Ramit Sethi: So, that's another deep-seated issue, and you mentioned you've been getting help, I'm really happy to hear that.

Jennifer: And that's the thing. Like for me, food is my gratification. Oh, you did well here, eat food, oh, you feel shitty, here's some food. So, I've been trying to do some work on that to try and heal those wounds to get over that, so I don't use food, because all that food, well, you need money to pay for that food.

Ramit Sethi: Yeah. I'm really glad to hear that you are pursuing this, because it's challenging, it's not easy, and it takes a lot of deep inner work, ideally with some help as well. We've made a couple of breakthroughs. I want to shift them now to what they are doing with their money. One of the observations I have about this couple is that there's no real purpose to their money. It's a lot of instant gratification, whatever's in front of them.

I bet you, if I ask them, do you remember the last four meals you ordered as takeout? They wouldn't even remember. So, nothing memorable, nothing special, it's just whatever's in front of them. And I think there's a different way to think about money, a way where you can say, you know what, let's think about what meal would be amazing for us, or what trip, or what baby car seat, whatever, and let's save up. Let's get that. Let's dream big, and then go after it aggressively. So, I want to talk about what they want with their money. I'm curious if they've even thought about it.

Jennifer: One thing we have talked about, Jacques and I, was buying cottages or building little cottages in different areas, and then renting them out since we would have like, okay, we want to go there for a vacation, let's go two hours away from here, five hours from here, but at the same time, those houses would be working for us when we're not there so that we can—I'd like to build on that, build a business or something that builds an income that we don't have to go to a job 40 hours of a week.

Ramit Sethi: And then, what?

Jennifer: And then, it would allow us to be able to travel. We mentioned we wanted to travel, and we've been looking into the schoolies, RVs, and whatnot, and that's something that I'd like us to do, especially with the kids being young.

Ramit Sethi: Nice. Okay. Love it. Beautiful. I love the vision. Jacques, what about you?

Jacques: My vision of being wealthy is to have an RV and you go to these far out places, where there's nobody around, and just have a campfire, and the kids are there, they can see nature, and look at the stars, because there's no pollution, or lights, or anything like that. That's my vision.

Ramit Sethi: First of all, there are two places you're never going to find me. Number one is in a Home Depot. Okay. And number two is in an RV. Those two places are a special kind of hell for me. Alright. But remember, it's not my rich life, it's yours. Okay? Your rich life is yours. It's not your parents, not your friends, it's certainly not mine. So, while I don't understand the appeal of an RV, it has nothing to do with it.

I love hearing about people's rich lives and the more different they are from mine. I love it, because it tells me, they've thought about something that they want. And the more you dial in your rich life, your money dials, everything, the more incomprehensible it's going to be to everybody else. So, I'm getting excited and I can hear it in their voice that they're getting excited as well.

How old can kids be while you take them there and they still enjoy it?

Jacques: I don't know. I would still enjoy it, so I'm thinking-

Ramit Sethi: Well, what do you think? What is an ideal age to take your kids to something like that?

Jacques: Well, I'm thinking before they're 10 or 11.

Jennifer: Teenagers.

Jacques: Yeah, because that's when they start having friends, and they're like, no, I'd rather stay at home, and just be with my friends and all that.

Ramit Sethi: That's right. So, now, we're starting to get a little bit more specific, which is in the next X years, we want to take our children on some kind of outdoor RV adventure. How many years?

Jacques: Four.

Jennifer: I would say for me, with more like two.

Ramit Sethi: Okay. So, soon. Well, look, we're getting somewhere, whether it's two or four. It's not 20.

Jacques: No.

Jennifer: No.

Ramit Sethi: Okay. So, guess what? Now, we have a real reason to start changing our finances. You know what, you had no reason before. Of course, you're going to order out, because what else are we going to do, pay off debt? That sounds boring. It sucks.

Jacques: Yeah.

Jennifer: Yeah.

Ramit Sethi: But listen to what I heard. I just have to repeat this back to you, because it was so vivid. I heard no light pollution. I heard outdoors. Look at the stars. RV. Traveling with the kids. These are very emotional words. That is beautiful. And I would love for both of you to expand on it outside of this call. I would love for you to have a conversation where you say, what would it look like if this were magical? How does this feel, Jacques, just to start thinking about this trip? How does it feel to you?

Jacques: Well, it feels pretty good. It's a direction, right? I'm realizing now, that's what it was, like I had no goals or anything like that, nothing to shoot for. And it makes sense that, what else is there to do? Get some food or, oh, we want to do that this weekend, let's go do it, you need to buy that, let's buy that. Now, I'd rather go do the trip than eat out tomorrow.

Ramit Sethi: Let's say that it's 5%, right now, you would be paying \$400 a month. And like I told you, it would take you 11 years to pay that off.

Jennifer: Okay.

Ramit Sethi: Now, let me ask you a question, what if you increase that to 600 a month? How long do you think it would take you to pay it off?

Jacques: Ten. Seven years.

Jennifer: Seven, yeah,

Ramit Sethi: 6.5 years, just from \$200 a month extra.

Jennifer: Geez.

Ramit Sethi: Do you think you could find \$200 a month extra?

Jennifer: I'm sure you can figure something out.

Ramit Sethi: 100%. When you go through your numbers, you're going to realize, you're sitting on way more than you think. Okay. And if you have to get creative to do it, you're going to get creative. It's either going to be 10 years or three years, what are we going to do? And truthfully, I hope you both see the costs of, what does it cost you to be treading water for so long? You start to normalize it, like, oh, it's normal to be sinking. It sucks.

Jennifer: Well, that's all I've seen all my life is my parents being there.

Ramit Sethi: I love what Jennifer just said, just offhandedly. She opens up the floodgates. That's what we knew. That's what I've seen all my life with my parents. Think about the implications of just that one sentence. That's what she modeled forever. And therefore, you normalize it. When you think of money, you think of problems and pain. And if you do that for enough time, you can't even imagine that money can be joyful, that it can be a source of opportunity instead of one of the problems.

Now, this presents some real identity challenges as you start to shift from paying off your debt. I often find that people who are in a severe amount of debt or have been there for a long time, can't even envision what it feels like to be debt-free, much less to have money in their savings account. And as they go towards this debt-free status, they start to ask themselves lots of uncomfortable questions. Oh, my God, what's it going to be like?

What if I told myself that being debt-free would make me happy, and I finally pay off all my debt, and I'm not happy? And ultimately, am I worth it? These are tough identity questions that many of you will face, but I am confident you can work through these, just want to flag it for you that as you change your identity with money, you will have to confront your identity. So I want to point out that based on your numbers, you both could do that and if you were to contribute instead of 800 a month, you pay that off in 4.75 years.

Jacques: That'd be cool.

Jennifer: Yeah.

Ramit Sethi: Jennifer, what is that look on your face?

Jennifer: I wanted to say another swear word.

Ramit Sethi: Well, I encourage swearing. There was something that puzzled me in this conversation, when I asked them, what do you want to do with your money? They had this whole thing about wanting to buy cottages, and eventually use that money to be able to get an RV and sit under the stars. It was beautifully described. But then, when I asked him, when do you want to do it? They got very fuzzy. Did you catch that?

I don't know, first, we need to get the first down payment. We can't seem to save any money. And then, I asked him, how old do you want your kids to be? Well, probably before they're teenagers because they'll still like us. Suddenly, you realize that this isn't a plan, it's just a wish. I don't want you to just wish for things to do with your money. I want you to make a plan. And so, for this couple, I would dream that we just start by saying, "What is it you want?"

I want to take my kids, I want to get an RV, and I want to sit under the stars with them, and create some memories. Love it. Beautiful. Okay. How can we do that quickly? Well, maybe we can start aggressively paying off our debt. Maybe we can put 100 bucks a month aside for this trip. Maybe we don't have to buy four cottages, and then buy an RV. Could we just rent an RV? And what if we don't have to take a month off?

What if we just go for two weeks? Suddenly, you shaved off 15 or 20 years towards your rich life? Well, you can do it in 18 months. This is my wish for you. My wish is that you look creatively at what your rich life is, that you get super detailed about it, I want to know, what are you going to be eating underneath the stars? Tell me about that. And then, you go from a wish to a plan. How can we do that? How can we do it bigger?

How can we do it faster? And suddenly, you start to go from problem orientation to solution orientation. You are between four to six years away from paying off this debt. My guess is if you made this a true priority like number one, you could pay it off in less than four years, three or three-and-a-half years. That would be hard. You'd have to change everything. You'd have to do a lot of inner work. That may be even too hard, but in four to six years, you could comfortably pay it off.

Jennifer: Well, if we got rid of the car and you use the Jeep to go to work, you'd still burn more gas than the car, but it'll be about \$400 we could chuck there.

Ramit Sethi: There it is. You can hear Jennifer getting engaged, putting some skin in the game, and becoming creative about how they can work towards their rich life. This is a beautiful moment.

Podcast Episode 11: My wife wants to quit her job, but I'm worried about money

Synopsis: Nicole and John have already won the money game. Combined, they bring in \$650,000 a year. But it's not an even split. Nicole currently earns \$150,000 and would like to leave her stable job to create a startup. John feels this gamble has not been discussed at length. They keep talking about "having the conversation," but they never do.

Both complain that they're not feeling appreciated. John yearns for acts of service from Nicole. Nicole feels like her contribution is never enough. (You will frequently hear the lower earner talk repeatedly about "contributing" to the relationship.) Listen as this anxiety slowly bubbles to the surface.

On John's side, the growing pile of money in his bank account is making him more paranoid than ever before. He worries he could lose it all — like what happened when he was younger. The fear runs so deep that he doesn't even believe me when I use math to demonstrate they will be more than fine for the rest of their lives.

On paper, Nicole and John have a rich life, but they're not fleshing it out together because of their fears, insecurities, and lack of communication. Listen in as I nudge them towards a Rich Life.

Podcast Transcript:

Ramit Sethi: My name is Ramit Sethi, and this is the I Will Teach You To Be Rich podcast. My guests today are John and Nicole. They're both high earners, but between the two of them, Nicholas earns more. And this has placed them into a dynamic where until now, he's had the majority of the power when it comes to making household decisions, you'll hear them describe that. Recently, Nicole decided to quit her job and become an entrepreneur.

And this has disrupted the normal dynamics of their relationship. They came to me because they believed that they had an issue with entrepreneurship, and her decision to become one. But as we peel the layers, you're going to discover through listening to these clues that the real problem here is not about her becoming an entrepreneur, it's about something much, much deeper. Let's listen.

John: We're in a particular juncture, in that Nicole is quitting her job to pursue a startup, and that, of course, brings conversation about money. She currently works at a tech company that has grown, likely to kind of do an IPO relatively soon. When I questioned her about what we're leaving on the table as a family and what that implies for us, her response was, well, I have my savings and I can kind of do whatever I want.

So, I think that's kind of the destructive cycle that I mentioned. I kind of tend to revert to saying, look, you're not thinking of the big picture, that's kind of a very selfish point of view, what it felt like to me is kind of feeling unappreciated as a provider and family member, and just kind of we're all doing whatever we want and kind of that's the way we operate here. In our current kind of jobs, I am kind of the higher earner of the two of us.

Ramit Sethi: Just for some context, Nicole earns \$150,000 a year, which is a very good salary, but Nicholas earns more than triple that, he's earning about \$500,000 a year.

John: The way we've approached kind of expenses and all that is kind of divided by just the percentage of whoever brings in, right? There has been kind of a battle around, well, if you're not the majority provider in this family, why are you kind of dedicating so much time to your job and not—to me, I wouldn't call that a sacrifice, but I've put a lot into providing for our kind of family of two.

When it comes to Nicole making a decision, kind of jumping from where she is to something more entrepreneurial, it wasn't kind of properly discussed or consulted. It feels not necessarily taken on a whim, but without the proper conversation with us as a family unit, about, look, this is how we're going to approach this and think about this, and how to manage our finances around this going forward.

Nicole: I remember about it a little bit differently. I was pitching something internally in the company. I had a conversation with someone, who encouraged me a lot to become an entrepreneur. And we had this conversation with John. He was like, yeah, you should, and I got super excited, and I was, okay, this is what I want to do. I remember we were discussing about, hey, so you're leaving your job? And it was kind of a joke or something around like, I'm going to pay for everything, and then like, I don't remember the kind of joke, but I felt like a joke, saying like, I will have to pay everything for you. I mean, my mind was that I could pay for myself. So, it was not like, I'm not thinking about ourselves as a family.

Ramit Sethi: Well, this is a huge clue right here. A lot of times, when couples come and speak to me, there is one inciting incident that stands out both in their minds, seared hot in their mind. Why? Because out of the blue, they had a relationship dynamic that they thought made sense, and then one partner said something that threw everything off kilter. At least, that's the way it's perceived. What we can see here is that clearly, they had different perceptions of money, and it was this amazing convergence of this situation with Nicole discussing leaving her job that caused this sentence to come out, and then it escalated from there. I always listen in for these kinds of clues, the inciting incident, because there's almost always something much deeper beneath it.

Nicole: It was more like I was reacting and defending myself, saying, like, if you don't want to support me, I can support myself. I felt that we were aligned, that he wanted me to become an entrepreneur, and for that, I need to quit my job. But then, last week, I was planning on having the conversation with my boss, and then John told me like, we haven't had the proper conversation.

Ramit Sethi: Do you think that if you had the proper conversations, you would disagree, if we fast forward to the end of these conversations?

John: I think I would agree. I'm very excited about her journey. I want to support her. I just want us to be aligned on how we think about this.

Ramit Sethi: Okay. And just cut to the chase for me, what are the issues up in the air that you are not aligned about?

John: I think we're not aligned about, how we don't operate as economic individuals, but as a family unit economically. And what role do each of us play? And that touches everything from, yes, what we do in our professional lives, but also, how we spend time in the house with the family and all those things.

Ramit Sethi: So, you mean, who cleans the kitchen floors? What are we talking about?

John: It could get to practical points like that, yes.

Ramit Sethi: What else?

John: I think an upcoming thing for us is we're planning to start a family.

Nicole: What I feel is that there's like this power dynamic, where I will never be like the powerful person in this relationship. It's always like, I'm cooking for you, but I make more than you and you work more than me. So, it's like, I feel that I will never be the one that—like for a moment, I will never be the one that provides more. There are some times where like, he tells me, why am I doing this if I'm the person that provides the most? And you are the person that works the most, you should be maybe doing more for the house instead of me, that I make more and bring more to the table. So, I feel like it comes from there. And then, when he made the joke, I was like, okay, if you don't want to support me, I can do it myself.

Ramit Sethi: And how did he react when you said that?

Nicole: He told me like, it doesn't work like that, we are a family, but we didn't have a conversation, it was more like, no, it doesn't work like that.

Ramit Sethi: So, you two both keep mentioning having a conversation. I'd like you to have the conversation right now. I'll just listen in.

John: I think we started and stopped on this, Nicole, about how we have an ongoing conversation about this. It's probably about, yeah, like Nicole said, a power dynamic between both of us, and I think we're coming up at a specific point, which is this point around you quitting your job, which fits within that overall bigger picture. With this issue specifically, you were making a decision that wasn't properly discussed with us. It felt, therefore, a deeper point about kind of how we untangle this point. Who's providing what and how does that tie into other elements of roles we play in the relationship?

Nicole: Yeah, I think that I agree that we need to make this decision together. I also feel that sometimes, we think we are agreeing on something, but never have an explicit conversation. For two years or more, probably, I will probably not make any money. Like we have a very good lifestyle. We do like a lot of things that we like to do without limiting ourselves in that sense. So, I think the important thing is how we make sure that we are agreeing on investing in me and this project for two years as a family. And I do feel that we need to deal with the power dynamic, because I feel like a lot of the time, just because I'm not able to provide more, I feel that I'm not valued either in the family. When we have our family, and we maybe have to decide to take some time if we need it, it would always obviously be me, because like for the family as a whole, it will make sense. So, those are the things that worries me. Choosing my time over you will be never the right decision.

John: Yeah. I mean, I think there's one point that kind of cuts through both to me, which is it seems like you may feel underappreciated, because you don't bring an equivalent amount to the table in the monetary sense. And my side of things is feeling underappreciated, because I feel that I do bring more, and it's not kind of being kind of, I guess, properly tallied or whatever you want to say.

Ramit Sethi: How do you wish you were more appreciated by Nicole?

John: It's small things. It's starting from just verbal recognition of it, as opposed to—it feels the other way around, right? Like, oh, you're so demanding, because you're the provider, you're demanding, as opposed to, yeah, thanks for this. That's great. Let's just go on with our lives. It's not like some tangible point.

Ramit Sethi: Hold on. Let's not minimize how you want to be appreciated. Did you notice you just did that?

John: Yeah, maybe. I think what I was getting at is it's not like a barter thing, where I'm saying, yeah, I should get these privileges in exchange, it is the recognition.

Ramit Sethi: How? How do you want to be appreciated?

John: So, my first response was going to be words, but it's not words. It's a recognition that that factor matters. And affects our lives. And affects the quality of our lives, and I'm bringing "value" to the table with those efforts. I think it's just that.

Ramit Sethi: Is it verbal praise? Is it making breakfast? Is it touch?

John: So, I think details, in like small details, acts of love and kindness, which can be expressed through all the elements.

Ramit Sethi: I just heard a lot of words, but I didn't hear a clear answer. And I pushed him, and he still didn't have an answer for me. I'm going to tell them that. I'm finding it a little difficult, because if you can't be explicit about what you want, then it's going to be very hard for your partner to give you what you want. So, let me give you an example from my own life. I don't need words of affirmation. It just does nothing for me. I don't need it, but I love acts of service.

For example, when my wife packed my suitcase for me when I was going to travel somewhere, that meant a ton to me, it meant so much, or the coffee mug was clean. It's a tiny coffee mug, but it means a lot to me. So, I'm going to give you five different love languages, and I want you to think, John, about what yours is. Start with one. So, one is words of affirmation. The second is quality time. The third is physical touch. The fourth is acts of service. The fifth is receiving gifts. Which would you say is the most meaningful to you?

John: Acts of service.

Ramit Sethi: Great. What would be an example of an active service that would be meaningful to you?

John: Thinking ahead and acting upon that. So, like over the last year, we live in a place, where it's very affordable to have help. We were fortunate to have that, but over the last year, it hasn't been possible all the time. And it has turned into a dynamic, where, yes, we both collaborate and do things, but I'm the CEO of a house, if I don't say, this has to get done this day and this happens this day, it doesn't, right? And so, switching those roles, and having her be on top of that, and thinking ahead, and seeing how she can clear things for me, I think that would be very meaningful.

Ramit Sethi: Great. Okay. Perfect. Thank you very much. Nicole, did you know that about John?

Nicole: Yeah. And I think that it makes a lot of sense. I think that my problem, as we mentioned before on why it's harder for me is that for a while, maybe a little bit less now, but I worked much more hours than he. And also, maybe I'm easier to please in some ways. So, I don't have to eat at some point, and I can organize my life in some way, and it's harder when I have to organize my schedule that it's already crazy, and then it's not that flexible like we need to eat early, and we need to do X and Y. So, yeah, I know this is something that he appreciates. I think it hasn't been hard, even when I've tried to do it, like really being good at it.

Ramit Sethi: Okay. Okay. What is your love language? How do you want to be appreciated?

Nicole: I think more with words. And I feel that may be on my side, what I felt is that it's never 100% what we think we do together, so I feel that John feels that he does, I don't know, 80%, and I feel that I do, I don't know, 40. We are biased in our weight of thinking about what we can give to a family in a lot of things. Like I paid for our Christmas trip, and then he said, I paid for it, and I was like, no, I paid for the tickets, I paid for the hotel. So, I feel that like, of course, I know that like in the economic side, I'm giving less and I know I'm giving less on the chores in the house, like I know, yeah, maybe my time is more complicated, but even when I do something like it's never appreciated.

Ramit Sethi: Never appreciated? I don't know if I believe never.

Nicole: No, not never, but like a lot of times, it's not appreciated. No. So, even if it's appreciated, like there's like a way of making me feel bad, like, yeah, but like, I don't know, for example, we do this thing where I buy like dinner on Friday, like whatever, I buy dinner on Friday, and then he always makes me remind that, yeah, but I'm the one buying Saturday and Sunday, and it's like the most expensive one, on things like that, where I feel like, yeah, but like this is the whole point of dividing. Like I feel that the appreciation is never like I don't feel it, because I always feel there's like the other side of the coin reminding me that, yeah, maybe you did something, but it will never be as much as I'm giving, or I'm buying, or I'm doing in the house.

Ramit Sethi: Do you think that John means to do that?

Nicole: I don't think that he does it on purpose. I think that sometimes, he does it to remind me that on his side, he's trying for me to recognize what he's giving, but I think that he does it in a way that I feel that I'm never recognized, so I think we get to a point, it's hard for me to say thank you for today's and tomorrow's dinner because I felt that he already told me that I didn't like—that he's giving more than me.

Ramit Sethi: What do you wish he said to you when you ordered that dinner on Friday?

Nicole: I think that I wish to be like thanked and knowing that like for our means and what we make like we are giving a lot to our family, we are like investing in ourselves and being happy. So, like recognizing like, hey, thank you, I like this dinner, thank you for buying it.

John: I did not know that her kind of priority language, as you say, was words. It's interesting to see the differences between what's appreciated. And I do kind of see the dynamic that she is playing out as useful, whereas opposed to using the languages that each prefers to acknowledge the other, we're just saying, yeah, I do more, I do more. We're kind of elevating the stakes of the negotiation.

Ramit Sethi: Right now, John and Nicole have a combined income of about \$650,000 a year, and on top of that, they have about \$2 million in their net worth, which is quite impressive. I'm sharing this so that you can understand the stakes of what we're talking about. Like, for example, how much do they need?

John: Somewhere between five and 10 million plus a primary residence.

Ramit Sethi: Well, you're going to have that in a few years if you do nothing. You could quit your job and you'll have that in a few years.

John: Well, yeah, I've seen your thoughts on compounding and kind of expected returns. I think from that perspective, I also operate from a conservative point of view of, what happens if, I don't know, the next few years are very bad and it just doesn't compound at that rate. But you're right, not there is a scenario where that does happen.

Ramit Sethi: So, John says, he's seen my thoughts on compounding, yes, my thoughts include math. Okay. Those are my thoughts on compounding. I'm not going to push much deeper on this yet, but just take note of how John doesn't seem to quite believe me about how secure his future is. We're going to get into this later. I mean, conservatively, by the time you're 65, you have over 20 million dollars just from your current portfolio. That's a lot of money. Nicole, I know what it's like to feel that you are comparing your finances to somebody else, especially somebody who's, I would say, a very high earner like John with a large portfolio. What does that feel like to you when you compare your financial contributions to his?

Nicole: It feels that I'm not enough, like good enough. I kind of feel that I'm not good enough. Maybe I will never be good enough for this family.

Ramit Sethi: Exactly. John, can you understand why Nicole might feel that way?

John: I do. I do. I got into this very fortunate position, where because my peer group, my buddies in Colombia do very different things. And if you compare me to most of them, yeah, I earn an order of magnitude more than them. So, I'm kind of very cognizant of not bringing up the subject of money, all that stuff, and just because I know how it would feel to be on the other side of that, I can see how that kind of can create that type of feeling.

Ramit Sethi: Definitely. It's structural. It's not that you're intentionally trying to make her feel bad, although there are little things you might be doing that might contribute to that. For example, thanks for Friday, but

I'm also getting Saturday and Sunday. That's probably not helping. But imagine she might work hard to save 15, 20,000, or 30,000 in a year, the portfolio you have made overnight, right? And the amount, you contributed with zero heartache at all. You just wrote a check, it's like five times that large, so you can imagine that, that starts to feel like, oh, I wrote a 20,000-dollar check or I really saved hard and did this, and is it even moving the needle at all? I want you to pay close attention to this example that I'm giving here with John and Nicole. They may have more than you, but the dynamics are very, very relatable.

In many couples, you have one person who's earning more than the other, and they approach things with a certain perspective. Now, the lower earner approaches things from a different perspective. It doesn't mean they're better or worse, it just means that they are earning less. Maybe it's by choice. Maybe it's because they're taking care of children, whatever the case may be. There's a natural power dynamic when one person is earning more than the other.

And here's the key. The higher earner needs to be aware of that dynamic. If you earn more and you're oblivious to it, you go, oh, yeah, hey, here's some money, I'll throw in this and that, you are going to cause resentment. So, the higher earner must be aware of this dynamic. Now, with John and Nicole, it's great that Nicholas appreciates how fortunate he's been, and he also appreciates that just because he's earning three times more than Nicole, he's probably not working three times harder than her. I appreciate that mutual respect.

But now, I want to address something that's come up a few times in this episode. John seems to understand that he earns a lot of money, but he doesn't seem to believe me when I tell him how secure his future is. What do you think the implication of that is? Well, the implication is that he's playing defense with his money, not offense, that there's scarcity as his money lens. He's looking through this lens of scarcity, and everything he sees with money is, what can go wrong? You can't just tell someone, stop feeling that, stop looking at the world that way, you have to approach it quite differently. Let me show you what I'm going to do.

Nicole: We joke that I want to go back to my hometown, and have like a nice house, and then I feel that we love traveling, and I would love to continue traveling and being able to travel with our family. We want to save and try to give the same opportunities that we had to our kids, and hopefully like sending them to undergrad or grad school in the US.

John: I think one that's equally important is, what am I trying to avoid with that money, which I think is very important in my frame of mind. One very kind of important experience from my life was, like I said, very kind of comfortable growing up, no kind of massive luxuries, but everything was around and available within some limits. And Latin America had a very big crisis in the late '90s, and my dad lost his job, right? He had been a person who had been a decent earner, and we lived very kind of comfortably, but he hadn't set aside money adequately, and he'd gotten to a point in his career, where probably, in his late 40s and the midst of a crisis, he was kind of unemployable in a way. And our lives changed and his life changed from that point because he had to readjust his standards. And so, I think internally, I said, that's never going to happen to me, right?

I want to kind of incrementally move up my living standards but never get to a point where I have to adjust downwards or depend on a job, or something else. And like I told you before, I have a fantastic job right now. I don't want to depend on it, because I know it's probably not going to be around always. And if it doesn't, it's going to be very hard to replace it with something equivalent. So, I think a rich life for me means getting to a point where I don't have to worry about being put in that situation and I'm kind of set at a certain standard for life.

Ramit Sethi: Let's pretend just for the sake of this conversation that the same thing happens to you. You get laid off, jobs disappear, and what's your financial situation going to be 10 years from now?

John: It's weird for me because as I've gotten closer to that point of comfort, as you get closer to it, I found myself thinking more about money and having more anxiety about money, which is weird. I've told this to Nicole.

Ramit Sethi: It's not weird. It's what everybody does. Because they believe that when they find the answer in their model, they think that all their anxiety is going to vanish. They're going to open up the doors in their French doors in their bedroom, and beautiful pool outside, and they're just going to say, I made it. But what they don't realize is that money for people who are modeling out 20 years in the future and people who are making very high incomes, the money was never the problem.

They were always going to make money, whether it was going to take them until they were 30, or 40, or 42, they were always going to make the money. The real problem that they rarely address is up here in their head, it's the psychology of knowing, what is enough? And what do I want to do with this money? You have accomplished a lot that I don't know you've sat back, taken an account, and said, wow, like we did it.

And I don't think you realize that you've won the game, the game that you were trying to play, the one of financial aspiration, you won. It's over. It's done. You won. And this is where most people continue chasing more, and more, and more. I don't mind if you want to grow that portfolio. I love it. Please do. I think it will be great. I think we'll open up even more possibilities. But you could double or triple that today, that's not going to take your anxiety away.

The real solution is to turn the page on your joint lives, and say, what is our rich life? What do we want to do together? What does it look like? Nicole, do you want to become an entrepreneur? Okay. Let's talk about that. Why? What's it going to give you? What's it going to give us? Okay. How can we find a way to make that work? Financially, yeah, we could fund it. Is that what we want to do, or what's the deadline? Because what if this goes on for 10 years, then you're not making any money, let's discuss that. But where does this decision to be an entrepreneur fit into our rich lives? Is it going to let you travel more? What about work around the house? How are we going to manage that? You're going to be an entrepreneur, but who's arranging Friday night dinners? These are the conversations to have, but I want to point out the key difference, it takes changing from playing defense to playing offense.

John, you're still playing defense if you put a couple more million bucks in there, you're going to feel better. But the millions of bucks are already there, they just need a little time to develop through compound interest. Plus, I'm guessing you're saving quite a bit of money every year. Now, we get to have a much more interesting conversation about chapter two of your rich lives. What do you want? What's the difference in your lifestyle between 25 and 32 million? Nothing. You can worry your way into 30 million dollars, and then you die, that's it, end of the game. Now, paint the other picture for me, John.

John: The rich life scenario, we work in our jobs for five to 10 more years. We move back to Nicole's hometown. We build a house from scratch with a fantastic open kitchen, where we cook our meals every night. We have two kids, and I spend a lot of time teaching things, whether it's sports, working out, or philosophy, doing their homework, et cetera. We travel.

We don't worry when we want to travel, doesn't mean we do it in luxury, but we want to be able to go to Bogota, which is the capital of Colombia, where my friends are, for weeks or weekends. We might have a small apartment to go there. In the summers, as opposed to traveling around many places, we like to go and kind of live in a city. There are many cities that we like, so we'd get an Airbnb for six weeks in Lisbon or Buenos Aires, and we just live life there normally.

Ramit Sethi: This is pretty amazing. Compare this to their answer earlier, total night and day answer in the vividness of what their rich life is.

Nicole, I want to hear from you. What does it feel like to hear John's vision?

Nicole: I loved it. We have talked about like exactly like how he pictured it, but we have never talked about, the timing, and how we believe it can be like sooner than later. I feel very excited about thinking about the future, and what we can do together, and how we can enjoy life, and what we have built.

Ramit Sethi: Beautiful. Nicole, I appreciate you for appreciating John, because he's done something tremendous to be able to even open up the conversation about you potentially becoming an entrepreneur, that was something he started years ago, and that's fantastic. I also think that in your relationship, money is a small, but important part of it. There's so much more than money. Okay. The money part is great. You won. You solved it. And in fact, it's only getting bigger now, you can't stop it. But there's just so much more. There's having a positive partner. That's something that I treasure with my wife. She's always

laughing, smiling. Love that. There's somebody who you know you can count on. All these things are equally or more important than money. And so, I would love for the two of you to start thinking about that. And that starts to shake that entrepreneur conversation, hey, for example, if you become an entrepreneur, here are the things that worry me, here are the things that concern me, what's the stress level going to be? What about finances? Yeah, have that conversation. But then, also talk about what might happen positively, oh, I love that you would be in control of your time. That means we could travel for weeks at a time. And even if I can't go all the time, you could take our future children. Oh, it means that you would be able to do X, Y, and Z, right? Talk about both, put them on the table, and you will come to see that this discussion about whether you should be an entrepreneur, Nicole, is about much more than this microdecision. It's really about the rest of your lives together.

Podcast Episode 12: My husband won't talk about money with me

Synopsis: Laura came to me frustrated about their bathroom. She wants to renovate it, but Greg isn't interested. He doesn't want to talk about money at all.

For Laura and Greg, life is "fine." They're running on cruise control, earning a good income, saving a little, and not investing in anything other than a house. But Laura wants more than a "fine" life.

When Laura says this out loud, Greg's response is: "Well, it depends, right?"

Greg is resistant to change. He's skeptical about investing, about renovating, about travel. When I ask him what he wants to do, he has no idea. He won't engage.

How would you handle money in your relationship if your partner didn't want to talk about it? What if your partner had lost the ability to dream and simply wanted to "play small?"

Podcast Transcript:

Ramit Sethi: Hi, I'm Ramit Sethi, and welcome to the I Will Teach You To Be Rich podcast. Today's couple, Laura and Greg, are from Canada. And between the two of them, they make about \$150,000 per year. Laura contacted me for advice because she wants to be able to spend some of their money on renovations that she believes their house desperately needs. Now, Greg doesn't want to spend any money on their house, because they plan to move somewhere else in a few years.

What do you do when one partner sees money completely differently than the other? And not just sees it differently, but one partner wants to engage on money and the other doesn't even want to talk about it at

all. That's what we're going to find out today. Oh, and by the way, she only told Greg that she applied to be on the show right before we got on the call together. That's a little clue that's going to be important as you listen to today's episode.

Laura: I think we should spend some money on our home and Greg thinks that we should save every dollar we have.

Greg: I didn't think that we'd be here forever, so I don't see the point in putting a whole bunch of money into it if we're not going to be here.

Laura: My thought is like, we're living in this home for likely the next like three to five years. It shouldn't just be like we're squatting here like we should be making it our home. We should be adding to the value of the home, so when it is time for us to sell and buy us forever home. We've lived in this house. We've not just waited here. We know we have the money. I think Greg's just a little bit more weary about spending anything, where I'm like, we're fine, it's safe, we can do this.

Ramit Sethi: Already, you can hear lots of layers here. Greg and Laura have different views on saving and spending money. There are also some financial literacy issues, like the idea that renovating your house adds to the value. I just want to go on a quick side note here, because lots of people mistakenly believe that if they renovate their house for \$10,000, then they can automatically sell their house for \$10000 more.

This is wrong. Most renovations don't make you money, they just cost you money. Now, there are a few renovations that tend to be more profitable, like kitchens and baths. But again, most of them are simply costs. So, if you spend 10,000 bucks, you might get a nicer stove, or a wall, or an archway, but you're not going to get that money back. This is one of the many lies that we tell ourselves about money. We take the things we want and we disguise them as investments.

Part of your rich life is getting educated about the basics. Okay. That's what we're here to do, and you can learn about that in my book, *I Will Teach You To Be Rich*. Another part of your rich life is being honest with yourself. If you want to renovate something, learn if it will pay you back, and then acknowledge the real reasons. Are you doing it because it's an investment or are you doing it because you just, plain, want it? Either one is fine, but you have to be honest. Okay. That was Ramit's real estate rant of the week. Let's listen in for even more layers between Laura and Greg.

Laura: Greg bought the house on his own about a week before we met, and it is very much a bachelor pad-type house like it's very small. I don't find it to be very functional for me, but I know that currently, we do need to stay in this house, we can't afford a larger house at this moment, and it just doesn't make sense for us to move.

But I think for me, if we could improve upon things, it would feel more comfortable for me and it would just make both of our lives easier. So, for me, like it doesn't look good and it doesn't feel good, you want to be able to like, I'm in my home, I feel comfortable, I want to go into the bath and take a bath, but our bath is disgusting. It was that way when Greg moved in.

Greg: I understand where she's coming from. I mean, I've always just had the opinion that, like a lot of this stuff can be expensive and the price can run up, right? And why do you want to spend so much money when you're just going to leave? Right?

Ramit Sethi: Greg has a point. If you're going to leave in a couple of years, certain renovations might not make financial sense. Now, one thing I notice is that his money lens, the way that he views the world is financial. While Laura's money lens seems to be toward comfort, right? She wants to be comfortable in the place where she lives. She wants to make it feel like it's theirs, not just his.

When you are working on money with your partner, it's very important to be transparent about what your money lenses are. For certain things, my money lens is comfort or security. For another part of my life, it's speed or results, sometimes, security, and sometimes, it's cost, right? You can Google Ramit Sethi's money lenses to find out some of the other ways that you might think about money. What do you think the real problem is here, both of you?

Laura: We have differences in what we each need to feel comfortable in the home. I want things to be a little bit nicer. Greg would probably be happy like with a tent in the backyard.

Ramit Sethi: Is that true, Greg?

Greg: Yeah, like I never really needed much, right? Like I don't know, like I didn't have much even furniture before she moved in. And I was good then like I didn't need anything extra, right? Like, it's nice, I love having her here, I love her. I don't know, I didn't put much thought into it, right?

Laura: Well, so we started like really talking about the bathroom, probably like December, January. And the thing is, my dad can help us do the work, so we're not paying for somebody's labor, which makes it a little bit more reasonable. Anyway, Greg was not on board with doing anything, so we started making a budget, I think this is how much we spend in a month. And then, in March, we tracked like this is actually how much money we spent.

So, we could say, okay, we have like this much money extra, and we can put this much money into our savings, and we can put this much money towards home improvement like every month, right? So, at the end of the year, we should be able to do X, Y, and Z, depending on what the costs are. So, I think that slightly helps to get Greg on board with just doing the downstairs bathroom, my dad was able to price it out for us, and it is like fairly cheap. It's a small space. It's just a toilet, a vanity, and flooring. That's not a lot.

Ramit Sethi: Why buy versus rent?

Greg: Oh, so you can build equity in such, right? Like I've rented before in university, and like to me, it was just like, okay, well, I lived in this place and I was paying somebody else's kind of mortgage with regards to my rent, right? So, I decided to buy, because it made more sense to me at the time to kind of get some assets and build equity for when you do want to move, you know what I mean?

Ramit Sethi: Mm-hmm. Okay. When I'm on these calls, my job isn't to correct people for any mistaken beliefs they might have, my job is to help them solve their money issues. But for you listening right now, I just have to give you a list of common misconceptions that Greg just said. First, he said, build equity. Yes, it may be true, but you don't build equity if you move out after two to three years. A good rule of thumb is to live in the same house for at least 10 years.

Next, I don't want to pay someone else's mortgage. It's funny when people use that phrase as if they hate someone else making money off of them. But it's funny, we don't say, I went out to eat at an Italian restaurant, but I just hated paying that restaurateur's mortgage. We only say that for real estate. Isn't that funny? That's the power of propaganda. When you are paying rent, you're not simply paying someone else's mortgage, you are paying for value, and you're getting it.

And finally, Greg said, to get some assets. Okay. Assets are important, but compared to what? A house is an asset, but it also has huge phantom costs. In many ways, Greg is pretty knowledgeable. He understands that renovating the house might not be profitable, especially if they're going to move soon, but in other ways, the very decision to buy a house wasn't fully thought through. And I'm not sharing these points to disparage Greg.

I'm sharing them, because Greg's money lens, the way that he views the world, seems to be profit and ROI, but he hasn't even done the fundamentals of understanding why he bought a house. And that's the biggest purchase of his life. You can imagine that if he continues down this path, all the financial mistakes that he will make throughout his life and their lives together. So, when Greg continues carrying on about profit, and why should we spend money here when we're going to move soon, I see lots of red flags.

Greg: If she comes to me with an idea, and says, hey, I want to do this, this, or this, and I say, okay, like I'm open-minded, I'll listen. But when it's the end of the day, it turns out it's going to cost us a boatload of money, right? I guess the way I see it is, there are no guarantees that when you resell this place, you're going to get that kind of back. I just assumed that it would cost quite a bit of money, right?

Ramit Sethi: Oh, wow. Okay. You assume that it'll cost a lot.

Greg: Yeah.

Ramit Sethi: Laura, do you assume it will cost what?

Laura: I don't think it'll—I mean, I don't think it'll cost a lot, but my thoughts on what a lot of money is, I think is different from what Greg's thoughts are on a lot of money when it comes to spending on the house.

Ramit Sethi: Why is that?

Laura: I think because I can maybe be a little bit more realistic about like what things cost. Like I've looked into how much—I mean, okay, we've already bought flooring, but we looked into, how much will flooring cost? How much would a new tub cost? How much does wood tiling cost? How much would a new toilet? So then, I can kind of get a slight perspective on things.

Also, both of our parents have recently redone their bathrooms to a much nicer degree than what we would do ever here. And I know it's not going to cost as much as their bathroom costs. So, to me, I'm like, well, ours is going to be not too expensive, but Greg, I think, disagrees with what is expensive or inexpensive. But we have the money, the thing is we currently have the money and it's not like we're trying to do it like everything at once.

We would do one room, okay, we did it, we're still good, we're still saving every month. And then, move on to the next one, and, oh, okay, there were all these unexpected costs, then we're going to halt it for a bit and we're going to save some more. But we currently have the money, and it's just sitting in the bank doing nothing, waiting for us to spend it to make our house nicer.

Ramit Sethi: If Greg doesn't want to spend money on his house, where does he want to spend it?

Greg, what do you want to do with your money?

Greg: I don't know, save it.

Ramit Sethi: And then?

Greg: Well, I don't know. I've never been much of a traveler or anything, so like I don't know, I've always just like got a paycheck, put it in the bank, buy groceries, gas, et cetera, and that's it, right? I don't have any long-term plans or anything.

Ramit Sethi: But dream with me for a minute, you're going to have a lot of money, and you guys make a very good income together, what are you going to do with this money-saving, it's accumulating? What are you going to do with it?

Greg: I don't know.

Ramit Sethi: What do you spend money on that makes you happy?

Greg: I don't know. Like I don't know like I spent a lot of time at work. Like I play golf, sometimes. I just set up a home gym in the basement that costs a little bit of money. But again, right now, there are no gyms open. So, I bought myself a new truck last year. Yeah. That's pretty much it right now.

Ramit Sethi: Okay. That's cool. So, golf, home gym, sounds awesome, and a truck. Okay. That's good. I didn't know that, so that's fantastic. So, let's assume you keep your savings rate up. Let's assume you get a couple more raises over time. You're going to get the house, you'll have a down payment. Let's assume that that works out over time. Then, you skipped right to your kids going to college, which is like 20 years away. It seems like that's a big hole, all this work, you're going to work every day, like what's the point of it all?

Greg: Well, like that's a great question, I don't know, right?

Ramit Sethi: Well, that's why I'm here.

Greg: I don't know. I've never really thought about that, to be honest with you, right? Because again, like I didn't do a lot of trips or anything, like I know some people who went to Europe or whatever, it costs them a fortune, and like I just never did that, right?

Ramit Sethi: And I don't like that kind of life where we're just living for one day in the future. Don't worry, Greg, I'm not saying go out and renovate the whole house and spend all your money, not saying that at all. Okay. What I am saying is we probably all know somebody who saves and saves, and there's just no point at the end. They die at 64 or they don't know how to spend money.

Greg: I think I know a lot of people like that.

Ramit Sethi: Pretend you're not, Greg, you're somebody else. You got the amount of money you've got in the bank, you're earning more, you're saving your investing, you can get your house, keep the truck, great. What does this person, we'll call them Gregory, what does this person do with their money from now until Gregory retires? Paint the picture for me.

Greg: For who, for me, or for like hypothetical person?

Ramit Sethi: Hypothetical Gregory.

Greg: I don't know what they do to be honest, because I'm trying to think about, I guess like you think about it like the value of a dollar, right? And you kind of hear that all the time and all the time, and I don't know what people would do, to be honest, because I never did it myself, so I have a hard time picturing it.

Ramit Sethi: Is this not fascinating? Even in a hypothetical, Greg struggles to imagine what someone would spend money on. He just cannot put himself in someone else's shoes. He can't dream. Is it possible that Greg of tomorrow could find a way to spend his money that gives him joy?

Greg: Yeah, possibly. I mean, I think it's got to be within reason and not reckless, right? Like to me, it has to kind of make sense, right?

Ramit Sethi: Well, you're going to stop before it's reckless, I do not doubt that. So, let's take that off.

Greg: Well, you got to start before you stop.

Ramit Sethi: Yeah, but notice what you just did, you went from zero to maybe we're going to go 150 miles an hour, but right now, you're going zero. So, why worry about the reckless part, you're not even in first gear.

Greg: Yeah, fair.

Ramit Sethi: Something to think about, because otherwise, the alternative is you save fairly well, you're diligent, sounds like you have a budget, we'll talk about the numbers in a minute, but you end up at the end of your life with a house and a couple of million bucks, and what else?

Greg: I don't know.

Laura: Yeah. I think we're doing okay, considering we don't have much debt, it's not like we're still paying off school loans. We have the mortgage and we have car payments, but it's not like we have credit card debt and stuff. I think we've been okay in saving. I just started putting money into RSPs a couple of years ago, and we both have very good pension plans through work. So, everything we put away, well, everything that I'm putting into like an RSP is additional to what is already being taken off our paychecks.

Ramit Sethi: How much do you save every year, save and invest?

Laura: Invest, I have like—well, it's into like a mutual fund RSP I have, and it's not a lot. But when I started it, to be fair, we were planning our wedding, \$50 every other week, that goes, which is not a lot, I know that.

Ramit Sethi: And then, Greg, what about you? How much do you save and invest per year?

Greg: I would say probably three to 400 a month.

Laura: Just savings.

Greg: Yeah.

Ramit Sethi: Okay.

Laura: And then, I also contribute to our joint savings account.

Ramit Sethi: How much is that per year?

Laura: I don't know. It kind of depends on what we've got going on, like if we're buying something like we bought flooring for our downstairs bathroom, I didn't put money into the joint savings account that month because we paid for that.

Ramit Sethi: Greg, how come your money is sitting in savings and it's not being invested? I'm curious.

Greg: I don't know much about it, to be honest, investing. I never really researched it or looked into it, so yeah.

Ramit Sethi: It's curious because you have a decent amount in there, but you talked a lot to me about not wanting to be reckless, and wanting to make sure you have enough and things like that, but you're losing money every day you're not investing, a lot of money. And so, what do you think is behind that?

Greg: I don't know. I guess my lack of kind of understanding or knowledge about the subject, just kind of I don't want to be involved in it, because I don't have a lot of trust in it. There's been a lot of, like I think I've always looked, like are you talking about like stocks and stuff, or?

Ramit Sethi: Yeah.

Greg: Like to me, like I look at it and I just never really had a lot of trust in it, right? Like partially, probably because I don't know, right? And I never really looked into it, right?

Ramit Sethi: Look, I'm not here to change your mind. I'm just trying to understand and suggest a couple of things. I will tell you that you go to work every day, you work hard, you make a lot of money, and you will lose hundreds of thousands of dollars over your lifetime, probably over a million dollars by not spending a weekend learning how to invest. So, all the time you go to work, all the hours you grind and

make all this money, it's just sitting there, you will lose over a million dollars in your lifetime by not learning how to invest.

There's no vision of what you want to do with your money, it's just, that I don't care. Greg, that's what you're saying, whatever, put it over here. And Laura, you're saying, let's spend it on a mirror, and a floor, and this, and that. And Greg is like, what? Well, why are we going to do that? We're moving out of here in three, five, or seven years anyway. So, you guys are down here, you're in like a ground war, you're in the weeds, but nobody has ever stepped up, and said, what are we doing all this work for, making 150 grand a year? The hell, what are we doing with all this money, and then you spend the next 30 years fighting over tile? It doesn't sound inspiring to me.

Laura: Feeling comfortable, always. I like going out for a nice dinner or something nice to be able to just do that without thinking. Like okay, this is our one-time every three months or whatever it is. If we wanted to travel, like not being like, okay, let's plan a trip for two years from now, being like, okay, you know what, we have the funds, we have the time, let's go next week.

Ramit Sethi: Get more specific.

Laura: I want to be able to get our bigger house or do the renovation on this house. I want to be able to, I mean, someday, no time soon, obviously, but travel. Go on a couple of vacations somewhere.

Ramit Sethi: Okay. Wait, wait, wait. Hold on. Let's get specific because you're in the clouds. You can't start using your money for a rich life if you can't get specific about it. When I started when I was younger in my 20s, I'll tell you how small my rich life was, I wanted to be able to go to a restaurant and order appetizers, because when I was a kid, we never ate out. We ate out once every six weeks or so. We had a coupon to go to a pizza place, and we would never, ever order appetizers.

So, now, to be able to go to a restaurant, and if I see two appetizers, I go, yeah, I'll take them both. What is it, 15 bucks? But it feels unbelievable just to know I can do it. And then, my dreams got bigger. Oh, I want to be able to get in a taxi instead of the subway, or I want to sort my airfare by direct flight only. Right now, I'm like, oh, this feels good to be able to work out with a trainer or whatever it may be, felt good. So, you're saying you want to travel?

Laura: Yeah, I'd like to see more of Canada. I'd like to go to the West Coast, like to B.C., I'd like to go to Calgary, maybe up farther north in Ontario. I guess visiting every province at some point would be nice.

Ramit Sethi: Love it. And is that expensive or inexpensive? What does that look like to you?

Laura: I'd say fairly expensive. Like traveling, I'd say trips I've taken in Canada are more expensive than trips I've taken in the US.

Ramit Sethi: Okay. And how were you getting around? Are you driving? Are you flying?

Greg: Driving out there or taking a boat, four days.

Laura: Yeah, fly, like I mean, in Ontario, could drive, you could do it, but anywhere else, like you have to fly, like yeah.

Ramit Sethi: You know that people from the United States are horrible with geography, so we don't know where any—so I'll take your word for it. I need to talk about geography with everybody for a second because I suck at it. A couple of examples of why, number one, I want to go back to seventh grade where my archrival, Albert, Albert C., if you're listening to this, you know what I'm about to say.

Albert and I competed with each other in the spelling bee and geography bee. Now, Albert was very smart and crushed me in geography, but I need to make sure everybody knows that I dominated the spelling bee. Albert, don't ever forget that. So, fast forward, oh, about 20 years, and my wife and I were planning our honeymoon around the world, and we were like, where should we go?

Let's go on a long trip and we started writing down all these different countries. And then, I found a site where you can just plop all the countries, and it shows you what the flight paths would be from one to the other, it was the most inefficient travel that I could have possibly plotted. I showed it to a couple of my travel friends, and they're like, are you stupid? Do you want to fly from there to there? And I just flashed back to seventh grade, Albert would have known better. Alright. Back to the conversation. Okay. You're flying around, great. And what seat are you flying in, by the way?

Laura: I'm happy with the regular seat, honestly, like it's never crossed my mind to be in whatever business class or first, like that's not crossed my mind ever. I'm happy to honestly just get on a plane and go.

Ramit Sethi: Okay. Great. By the way, I'm glad it crossed your mind today. That's what I want the two of you to do. I want the two of you to start thinking about, what we want to do with our money. It doesn't mean you have to sit in business class or first class. It seems like you don't care about that. Fine. I respect that. I have a car that's 15 years old, more than 16 years old, I don't care.

Okay. But at least I've thought about it, do I want to get a Tesla? And I decided, no, it's not that important to me. So, I love hearing you say, never crossed my mind, let me think, is that important to me? No, I've decided it's not. Happy with the economy, great, but I do want to get on a plane and go to this part of Canada. Okay. Love it. So, now, we've got, you want to travel to Canada, what do you say, Greg? Do you want to go on that trip?

Greg: Sure.

Ramit Sethi: Great answer. Love it. Okay. Now, we have a vision.

Greg: Just to be on that, no, it's like, do we need to go? Like one of those things, like I don't know, like just go-

Ramit Sethi: Greg, you don't need to do anything, you could sit at home and drink out of a straw for the rest of your life. I made a mistake here, and I wish that I had taken a different approach with Greg. For the entire episode, I have been chasing Greg. It feels like I've been pulling teeth. Have you noticed that? Every question I ask, I get back a one-word answer or just stonewalled, I'm not getting engagement from him.

In my life, I've found that if you are inside a dynamic you don't like, you tend to just try harder, to chase more, and that's what I did on this podcast. And as you can tell, it's not working. But a better approach is to step back and try to change the dynamic. One thing I could have done here would be to call out the elephant in the room, hey, Greg, I'm really enjoying chatting with you and I've enjoyed hearing how you bought your house so early in life, but it also feels like I'm chasing you like I'm pulling teeth, and I'm just not sure if I'm feeling you want to have this conversation with me today.

Am I reading that right? That's how you call out the elephant in the room and maybe possibly change the dynamic. I wish that I had stopped chasing Greg, and instead made him put some skin in the game. Hey Greg, what do you want to have happen here today? Do you want to change anything? That's okay if you don't, it's your life, not mine. If you want help, I'm here, but what would you like help with? If I had done that, and also, if Laura had told him earlier than right before the call what they were going to be doing, I think we would have had a better chance of success.

Greg: Like we can go tomorrow like if we want to, right? But I don't know.

Ramit Sethi: Keep going, I want to hear the end of this.

Greg: That's it. If we want to go tomorrow, we can go, like we're not in a position where we can't go. I guess we haven't taken any steps to go, is, I guess, the issue.

Ramit Sethi: Yes. Do you see my point? Yeah. You guys are down here arguing about tile, but the stuff that you want to do, you've never even thought about it, you never talked about it. You make \$150,000 a year and you have no idea what you want to spend any of it on, except for what is literally in front of your eyes, which is this house that is not making one of you happy.

Laura: Yeah.

Ramit Sethi: It's not a budget problem. It's Greg saying we don't need to, which is true. You don't need to do any of this. You don't even need to be on this call, but you're here. And then, Laura, it's you not acknowledging that you both have two different perspectives and saying, well, hey, let's start up here. Let's talk about what we want.

And Greg, although I think you have a hard exterior, Greg, about, I don't know, I don't know what I want, but Laura, I think you could pull it out of him. And honestly, how do you know what you want if you've never actually spent money and seen people who get joy out of it? Do we want to travel more or eat differently? If you could do it, would you?

Laura: Yeah, probably.

Greg: I think so, like if you're talking about like if money's no object, then yeah, of course, right?

Ramit Sethi: Yeah, what would you do? What would you do if money were no object?

Greg: Well, there are lots of things that you would do, right? Like you'd go to the Super Bowl, right? You'd do all kinds of stuff that you like I guess-

Ramit Sethi: You would, I would not, but I love hearing that you would go to the Super Bowl if money were no-

Greg: It's just one of those things, that like if money were no object, then you could do whatever you want.

Ramit Sethi: But, Greg, you can do that.

Greg: Well, I don't know if I can afford that, but okay.

Ramit Sethi: I can show you how to afford it easily. If you want to do it, you could go.

Greg: Well, I don't know about that. I'm kind of skeptical about that, right? Because I mean, I don't know. But anyways, I'm just saying, if money's no object, then I mean, you could do anything you want, but I think in the real world, like it is, you have to live within a budget and means, and prioritize what you're going to spend on.

Ramit Sethi: This Super Bowl thing is fascinating to me. It is fascinating, and Greg, I don't know if you know how interesting it is, that is what you just said, because first of all, I don't know the first thing about how much it costs to go to the Super Bowl, but let's dream big, 20 grand.

Greg: Yeah, I would say close to that, at the end of the day, yeah.

Ramit Sethi: Perfect. I love it. When I talk about the kind of stuff you guys love, like I'm not just talking about eating at some restaurant. I asked another guy, what do you love? You know what he told me? He goes, coffee. I go, okay. I said, what do you spend your money on? And he goes, I love coffee beans and I have a coffee machine. I go, okay, anything else? No. I said, look, man, I like coffee, too, but that's kind of boring.

I'm talking about love, like the rest of your life, you're 32. So, when I hear you talk about something that's 25 grand and it's like a life dream, man, I get excited, because no, you might not be able to afford that today, but if that's something you want to achieve in your life, I can show you in five seconds how you can afford that. Okay. Twenty-five grand is not that much for the amount of money you both make.

If you want to go there, we could put it on the calendar and project when you would accomplish it. That gets me excited. 25,000-dollar things, 30,000-dollar things. And again, I'm not talking just the numbers, I'm talking about the scope, the scale. You want to go to Canada, different parts, love it. Now, I want to point something out to you. I looked at your numbers. If you were to conservatively invest 2,000 bucks a month, I'm being conservative, because you have more money than that.

Right now, it's like you have a pot with holes in it, money is just leaking out because you don't have a plan, you don't have a vision, so money is just kind of coming out of it. But let's just say 2,000 bucks a month, you invest that, plus the money you've already got, 75 grand or so, I'm being conservative. By the time you retire, you have \$953,000. Okay. And that's like conservative.

You could do more than 50% more, you could do double that. It's millions of dollars if you want to. We're talking like a lot of money. You're young. You have pensions, which lots of people in the US don't have, and you have money sitting around literally earning nothing. But if you don't like to make a plan, make a vision, and start investing it properly, then there's no Super Bowl, you suddenly take like five years to go travel somewhere on an airplane for 700 bucks. Guys, I feel like you could be thinking so much bigger.

Greg: I don't think that 150 in Canada and the US are the same, I think we're probably a lot lower. You don't get as much for that here, just like with regards to how much you could realistically save, like I know it might sound like a lot if you live in a certain place, but up here, it's not much, right?

Ramit Sethi: So then, isn't that more of a reason for you to invest your money and make it work for you?

Laura: Yes. Yeah.

Greg: Yeah, I mean, of course. But at the end of the day, I think that when you're looking at it that way it's not as much as you make it sound to be, right?

Ramit Sethi: I'm sure things are expensive up there, I believe you, but that's not the point, right? The point is you have \$50,000 just sitting in cash. And each month, you save approximately 4% of your income, which is, it could be better, I understand there are certain expenses, but like if those are the numbers that we're talking about, then if you want the money to work for you, it won't happen by just saving it alone. Like basically, you have opportunities to turn that money into a lot more, but it would require you to learn about investing and start putting some of that money to work for you. Otherwise, it just sits there. So, that's something I would suggest, right? You can get educated, I understand if you're skeptical about investing, but I always ask people, what is the cost of your beliefs?

If you believe that investing is like super risky and scary, okay, fine, but I can calculate for you right now how much that will cost you, and it will cost you hundreds of thousands of dollars to just let the money sit there. So, that would be my suggestion to you, like you're losing money every day by not investing it. Greg, what do you think happens if you don't change anything going forward?

Greg: If we don't change anything? Like I think it'll be fine like I think we'll live comfortably. That's basically how I was raised, right? But that being said, like I'm willing to kind of make some concessions or agreements on some things, right, concerning spending, but yeah.

Laura: I think what you said first, that's the problem, it'll be fine.

Greg: I think it will be fine.

Laura: We don't want our lives to be just fine, though, right? We want it to be better than fine. We want it to be great.

Ramit Sethi: Okay. Talk to each other.

Laura: Well, no, we would, we would want it to be better than fine.

Greg: Yeah. But like I mean, I guess it depends, right? Like what your priorities are, right?

Ramit Sethi: If you want to be fine, it feels comfortable, because you know exactly what to do. Go to work, put money in the bank, and one day, get another house. Maybe we fight once in a while about this or that, but we're fine, just like your families. But if we want more, well, I don't even know what more is, how do I even decide what I want to do with my money? I never thought about that. It's uncomfortable and it's scary. And isn't the stock market like a scam and you're just going to lose all your money? Ah, forget it. Let's go back to what's comfortable. That's an option. What do you think, you're laughing, Laura?

Laura: It's funny because that would be like Greg, he would say it's a scam.

Greg: Well, I don't know. I just don't have a lot of trust in certain things. For a lot of reasons, that I think like I have friends and coworkers that day trade and stuff, and as it seems to me like these guys have their head in the clouds, and they're just like waiting for one day when they strike it rich, and they can just leave. And in my view, could that happen? Sure could, right? But you could also like to lose your shit, too, right?

Ramit Sethi: You work out?

Greg: Yeah.

Ramit Sethi: Alright. What if I told you that I feel like working out is a scam? Because like I don't want to look like Arnold Schwarzenegger. I go in there, I squat, and suddenly, I'm squatting three planks, and I'm going to look like Schwarzenegger in two weeks. Scam, what would you tell me?

Greg: I'd say you're probably wrong. I'd say you're wrong, because it's a proven fact, right? Like you work out, you're going to get bigger, you're going to get stronger, right?

Ramit Sethi: But it's a scam, because what if I look like Schwarzenegger?

Greg: Well, then don't do it, don't work out.

Ramit Sethi: Thank you. Now, what if somebody came to me, and said, I don't want to invest, because my coworkers, day trade and that seems stupid, what do you think I would say to that person?

Greg: You'd say that I'm kind of looking in the wrong place, right? But my perception of this whole thing is like, I listen to these guys talking like they're going to be like the next guy that writes a book like you, and like they're going to retire, when in reality, I don't think that's going to happen, right?

Ramit Sethi: Your friends are never going to do that.

Greg: Exactly, right?

Ramit Sethi: Day trading is not investing. It's not investing. Okay.

Greg: To me, it seems more like gambling than anything, right?

Ramit Sethi: Bingo. And I would never encourage you to do that. In fact, in chapters three, six, and seven, you will see me take a huge shit on all these day traders and scammers. Okay. Point blank, I name

names. That example kind of worked, but not as well as I had hoped. The reason that I used the workout example was I could see that Greg worked out. Now, he automatically got what I was saying about working out as a scam, which is, of course, ridiculous.

But when I brought that example back to money, he couldn't make the connection. You see this skepticism in people a lot, especially people who haven't been exposed to different ways of thinking. They instinctively feel something is wrong, and rather than get curious, they circle the wagons, and say, that's not for people like us, or even, that's just a scam. Personally, this kind of thinking drives me crazy. There are so many small-minded values like this that keep people in the same unhappy situation for generations.

If one of them dared to say, hey, is that true, they could change the trajectory of their entire family for the rest of their lives. But it's often too hard. This simple, black-or-white worldview is so compelling. It's often intoxicating and gives people a sense of control over a very uncontrollable world. There's only so much that I can do if somebody does not want to participate with me. And that's why I think we're all feeling a little stuck right now. So, Laura, what do you think is the next step here?

Laura: I think the next step is to learn about investing, so we can work on maybe investing some of our money, and then we don't have to have fights about like 1,000-dollar home renovation, because \$1,000 isn't a lot for us anymore.

Ramit Sethi: Close. Before you get to that because you know what, a thousand dollars is a lot if you don't know what it's supposed to look like, right? I get it. Especially now, I get it. It's hard to look forward when you're so deeply in the weeds. You need to kind of have some basic benchmarks, then you can start to say, oh, a thousand dollars is not that much, because we already checked the boxes on all this other stuff. And then, suddenly, you're just not fighting about this stuff down here, you're talking about the big picture.

Laura: So, surprising to think that like, okay, that is something that maybe we could do. Well, not we, Greg could do it.

Ramit Sethi: But you could both do it if you want to do it.

Greg: Well, I probably wouldn't even spend that kind of money on one thing, right? But that was just an example.

Ramit Sethi: Alright. So, pretty much none of the conversations I had here really produced any change, whatsoever, and I am disappointed. I know that not every conversation can produce some life change, but every time I have a call, I want to help a couple take at least one step towards their rich life. As I reflect on this conversation, the bathroom is just a symptom. This bathroom that they've both fixated on and argued over really has nothing to do with the problem, whatsoever.

It's just a symptom. The larger problem is that they have two different world views towards money and that they have not brought them together towards a vision of a rich life, whatsoever. Now, is it possible for them to change? Yes, but in my opinion, it's highly unlikely. That's because there's no pressing reason for them to make a change. If they had children, yeah, maybe they would be forced to change.

But unless they have a big, big life change, it's really hard to look inside and interrogate yourself, how was I raised, what do I think about money just alone, much less to do it with a partner and change those dynamics? And in this call, I found that there wasn't much change in their joint dynamics. One of the key differentiators between people living a rich life and everybody else is that people living a rich life proactively plan before they have to, before they have children, or before they go buy a really expensive house before their back is against the wall.

And that is my wish for you, in every episode I do, I want to show you the dynamics of a couple who are struggling with some aspect of money so that you can see yourself in there, and say, you know what, if we don't start making a bigger shift towards a rich life, boy, we might end up stuck. And as I've always said, I believe it's a tragedy to live a smaller life than you have to.

Podcast Episode 13: I'm dumb with money and he's making me feel worse

Synopsis: A few years ago, Adam spent nine months aggressively paying off \$75,000 in debt. He loved it. It gave him a purpose and he was happy to work seven days a week to pay it off quickly.

His girlfriend, Elizabeth, has debt, but she isn't excited about paying it off. Instead, she feels trapped, describing herself as "dumb" with money. (Notice the words she uses to describe herself and her debt: "disgusting," "bad," and "stupid.")

Adam's aggressive approach of constantly talking about money isn't working. Even though he wants to help, she craves emotional security and support. At one point, as Adam is about to go into yet another long monologue, I cut him off.

Sometimes, what worked for you doesn't work for your partner. Listen in to hear how Adam and Elizabeth navigate their Rich Life.

Podcast Transcript:

Ramit Sethi: I'm Ramit Sethi, and you're listening to the I Will Teach You To Be Rich podcast. This is the podcast where I feature real stories about love and money from behind closed doors. Today, I'm speaking with Adam and Elizabeth. Now, both of them have lived with considerable debt, but they've taken two different approaches to dealing with it. At one point, Adam had \$75,000 in debt, but one day, he was sitting down to get his haircut, and he realized he wanted to make a change.

And so, you're going to hear him tell the story of how, overnight, he decided to pay off his debt and how he paid it off within nine months. Okay. Compare that to what his partner is going through right now, Elizabeth. She's living in debt right now. She's about to start her fourth year of grad school, and she's almost \$100,000 in debt. Now, you're going to hear her call herself some pretty negative things in this episode, which is heartbreaking. Now, even though they have both been in debt, they're fighting over their different approaches to money. My goal is to see if we can get them on the same page. Let's listen. On balance, what do you feel about going back to grad school and incurring this debt?

Elizabeth: I think it's going to be a good career move for me. I just can't see the light at the end of the tunnel.

Ramit Sethi: Why is that?

Elizabeth: Just because I've never had this kind of debt before, I didn't, again, know what debt was until my mom said, okay, you're out of school now, you're going to start paying your loans off. I'm like, oh, I didn't know that was a thing. Like, let's be an adult here. So, that kind of slapped me hard in the face, but it's just horrible to see that every year, I'm putting 10 grand on each semester, if not more. It doesn't seem to get any better. I had a car issue, and I went on a whim with my dad, and I bought a new car, and didn't tell him at all. I just did it within hours of finding out that my car couldn't get fixed. He wouldn't talk to me. It caused a huge issue.

Ramit Sethi: Well, what kind of issue?

Elizabeth: That he says, like, we're not married, but we want to think about like our finances together and we should have conversations like that, especially for a big purchase. And I didn't even think about talking to him, honestly, because I said, well, it's my money, I'm doing what I want with it. Then, I understand his point of view, but I felt like this is my life and I should be able to do what I want with it. He was so angry, he wouldn't talk to me. He was pretty much saying that I made a huge, stupid mistake, and I'll learn from my dumb lesson. I felt a little belittled a little bit. Like I'm an adult, I can buy a car, but I kind of understand where he's coming from, but it was hard to see it at the time.

Ramit Sethi: And what happened the next day or the day after?

Elizabeth: I guess like for the last couple of weeks, he would constantly, if I said something about my car, he'd come back at me, and say, oh, well, since you did this and wasted your money on that, like bringing it up when it wasn't necessary. And it makes me more mad that that's how he expresses his emotion about how upset he was that I just bought the car.

Ramit Sethi: How do you feel about the car?

Elizabeth: I mean, I thought I needed it. I need it for my job. So, I thought, I have like do this now or never, I can't live without a car, so I love my car.

Ramit Sethi: Well, what kind of car is it?

Elizabeth: It's a Ford EcoSport.

Ramit Sethi: Okay. What is that, a car or an SUV? What is that?

Elizabeth: It's kind of like an SUV, I guess.

Ramit Sethi: Okay.

Elizabeth: Yeah.

Ramit Sethi: So, what do you love about it?

Elizabeth: I love the color because my favorite color is red. I never had like a car that had leather seats. It has heated seats, like a heated steering wheel. It has a bunch of luxury accessories, so I love that.

Ramit Sethi: I can hear you light up as you talk about this car. What's interesting to me here is that this car, the cause of this huge fight between them seems to be a really good purchase for Elizabeth. It might not have been a good purchase for Adam, and there's something to be said for them not communicating about it, but what strikes me is that she doesn't sound like she regrets buying the car at all, and yet did you hear the way she described her decision to buy it? It's so interesting that some of the other words you use to discuss it are words like dumb, stupid, and mistake, so how do you reconcile those two things?

Elizabeth: Again, it was like really hard to—in the beginning, when he was making me kind of feel upset about doing it, I was kind of like stepping back, like maybe I shouldn't have done that, whatever, but then I do love my car, and I thought it was a good purchase for me, and I have to remind myself that, sometimes, it's something that I want, and I should respect my wishes.

Ramit Sethi: Yeah.

Adam: So, I want to preface it, this was like three years ago, and I feel-

Elizabeth: No, it was last year.

Adam: Last year. Either way, I feel like we've made strides since then, both of us. So, the background to the car purchase was she had a car that was running fine, and then all of a sudden, like out of the blue, boom, the engine blew, took it to the shop, the people at the shop said, the engine is done, you need a new car, that's all.

Ramit Sethi: Well, hold on. Before we go on, I just have to ask a question, was that car a Ford?

Adam: It was, yeah, so is her new car though.

Ramit Sethi: Why do you guys keep buying Fords when they always break down? What is the problem here?

Adam: Are you against Ford?

Ramit Sethi: You know what Ford used to stand for, and I argue, still stands for, "found on roadside dead", or "fix or repair daily". Okay. I'm just messing around. We had a bad experience with a Ford Tempo in my childhood, so I'm still bitter, but it sounds like the one you got is a lot better. Okay. Sorry, Adam, back to you.

Adam: She took the car to the shop and it was in there for what, like a week or so. And the mechanic said, look, the engine is dead, the car is not fixable, that's all. And so then, I received a text that says, or maybe it was a call, that says, oh, the mechanic said that the car isn't fixable, and like immediately, I know people, like I know ways to go to the junkyard, get a spare engine, put a spare engine in a car, or even put a new engine in a car, so like now, I'm getting all these ideas like, oh, no problem, we'll just get an engine, that'll be a quick one week from now to have a new engine in it, and it'll run like new like there was no problem with the car.

Ramit Sethi: So, you heard the problem, you wanted to fix the problem?

Adam: Right. And then, like literally, I'm saying that out loud, and then as I'm saying it, she says, oh, well, it doesn't matter, because I traded that car in and I have a new car now. I was like, oh, my goodness, it just caught me off guard. That's all. And not to say that it was a bad purchase in the end, like it may have been a good purchase, but the problem was that we didn't decide it together. And like Elizabeth said, we're not married and it is her decision in the end, but it just felt like, we're living under the same roof and things like that, so it just felt like we could have communicated, and I was caught a little off guard. And the reason I decided, back then, would I have done it the same way? Probably not, if I'm doing it today. But the reason I decided back then was for the weeks following the purchase to sort of throw it into the conversation and just like jab it in there, like that car, was because I was trying to simulate the feeling of making a prudent financial decision or like being in debt, because like I've had those feelings for real in my life, and that's why I'm so the other way.

Ramit Sethi: So, hold on. So, let me make sure I'm understanding. So, she would bring up something about her car a couple of weeks after buying it, and then you thought to yourself, okay, let me jab a little. Let me say, well-

Adam: Just to feel a little like, oh, you know what I mean?

Ramit Sethi: And Elizabeth, what kind of thing would Adam say?

Elizabeth: Like if I was talking about like, I don't know, something good that happened or something that I bought, he'd be like, oh, like just like that car that you spent this amount of money on, I'm like, okay.

Ramit Sethi: When you rolled your eyes, what would you be thinking in your head?

Elizabeth: Like, get over yourself, it's done, there's no going back like we need to just move into the future.

Ramit Sethi: Okay. And Adam, I've got to say, I'm fascinated by the jab psychology here. What were you trying to do with the jabs? What was the goal there?

Adam: I just sort of wanted to simulate the feeling of being in a lot of debt or making a poor financial decision, and like I know, I've had feelings like that in the past, and it like hits you in the gut like, oh, I shouldn't have done that, or, oh, I wish I didn't have this much debt, things like that.

Ramit Sethi: When you were in debt, did you have somebody jabbing you?

Adam: No, but I was trying—I didn't, you're right.

Ramit Sethi: What I like about what you said is it wasn't an accident, you really did this strategically, so the great thing about this kind of call is you get to find out if your strategy worked. So, why don't you ask Elizabeth, did your strategy accomplish the goals that you were going after? Ask her.

Adam: Did my strategy accomplish the goals I was trying to achieve, Elizabeth?

Elizabeth: Absolutely not.

Adam: I'm sorry. I'm sorry, babe. I wouldn't do it the same way.

Ramit Sethi: Okay. So, Adam made a boneheaded move. He knows it. She knows it. Everybody knows it. We can find a little levity in situations like this. When somebody acknowledges they made a mistake, that's a great opportunity to accept it, laugh, and then move on. Yeah. Long term, we want to build systems and change our money psychology, but for now, let's lock in the win. Elizabeth, do you want to tell him what it did accomplish?

Elizabeth: You accomplished like hurting my feelings, that's kind of what I felt at the time like it made me feel stupid, like I made a horrible life decision. Not going to lie. Like really, I hated every time he did it and he did it a lot. So, I was upset about it, because I'm like, can you please just push this behind us? It's done. I don't know why we're reminiscing on it.

Ramit Sethi: Boom, done. Now, let's move on. Adam thinks this was just about the car jabs, but I'm willing to bet there's a history here. I'm going to probe him on it because I want to connect his views on money today with what happened in the past. Remember, he used to be in severe debt. Walk us back to that time in your life. I'm guessing you're in your early 20s at that point, and you have 75K of debt you're walking around with, what was life like for you on a day-to-day basis?

Adam: I was at my barber getting my haircut, and I'm kind of saying this to him like, oh, so it's hard, and it's tough to make it, but he put me on to Dave Ramsey, bought his book, and then just literally did that step by step for the next nine months, and worked seven days a week, like honest to God, 16 hours a day, and I was just like, This is all I'm going to do, not go out to eat, not see friends, not going on vacation, not buy anything, I'm going to get out of debt as fast as possible right now, and I did, in about nine months.

Ramit Sethi: So, that nine months of paying off that debt, what was that like when you look back at that time?

Adam: Hmm. I loved it. Yeah, it was awesome. It was like chasing a goal, like I'm goal-oriented and this goal is so easy to see the progress. Like you can put it right up on a chalkboard, and like, this side is how much is left, bam... paid this off, bam... paid this off. It's a great feeling.

Ramit Sethi: Okay. What do you notice? There's one big clue. Did you catch it? Adam described being in debt and getting the wake-up call from his barber, but those weren't the real clues. You see part of mastering your money psychology is learning to listen to an enormous amount of information but discarding 95% of it to find the golden nugget. That single thing that matters.

The real clue, the one clue that matters is that he loved paying off his debt. He loved it. The more severe the challenge, the more he loved it. Work seven days a week, done, 16 hours a day, no problem. I love his energy. I love setting that big goal, and then working to achieve it. But guess how his experience affects his view of money. Here's a hint, how do you think he feels about other people who are in debt?

Elizabeth: He's been always goal-oriented and all about money, so that makes perfect sense to me.

Ramit Sethi: All about money means what?

Elizabeth: Like more so if I buy this, I will spend it with cash, I will not take out loans, no credit cards, that kind of thing.

Ramit Sethi: And does that strike you as unusual or surprising at all?

Elizabeth: Kind of, because I wasn't like that, and kind of I'm still not, I guess. I've never owned a credit card, whether that's a good or bad thing, I don't know. My debt is disgusting if that's the right word to use. I have a lot of money, because I'm in school again, and I'm just digging a bigger and bigger hole.

Ramit Sethi: Let's talk about that for a second. So, I mean, those are pretty strong words, disgusting, digging a hole. So, let's talk about that. Before we get to the numbers, when you think about your debt, what words come to mind for you?

Elizabeth: Horrifying. Disgusting is the best word for it, because I've always been like, I don't want to say a penny pincher, but I've been frugal my entire life, and to see the amount of money that I am accumulating in debt is disgusting to me, and I can't control it.

Ramit Sethi: And you grew up frugal, were your parents frugal?

Elizabeth: My mom was. My dad didn't like to spend money. Yes, she was frugal, but she loved spending money.

Ramit Sethi: On what?

Elizabeth: Like shoes, stupid things that she didn't need for like a trip, like stuff that she probably already had, just didn't want, like she wanted the newer item.

Ramit Sethi: Okay. And what do you remember growing up about your family and money?

Elizabeth: My family, I like grew up very well off. Money never seemed like an issue. Granted, I don't know behind the scenes, but it never seemed like an issue for them. They had their cars paid off. All the cars that I had were bought by my parents and they were completely paid off.

Ramit Sethi: I don't know. I suspected there was a connection with her parents, but it didn't quite pan out. You might have caught her mom—you might have caught her saying that her mom used to buy all these stupid things she didn't need. Again, that's pretty strong language, but I don't think there's much here for now. So, I'm going to leave that thread open and move on. And this is a great meta lesson. When you talk to your partner about money, it's a very valuable skill to know when to move on. You have lots of chances to talk about money. You don't have to cover everything at once. So, just open up a few conversations, have a little laugh, and then move on.

You already mentioned you don't feel confident about money you shy away from it.

Elizabeth: Right.

Ramit Sethi: What is something in your life you do feel confident about? Give me a couple of examples.

Elizabeth: Like how I project myself to people. Like I know I have a bubbly personality, and I know that I'm not afraid to show that and I'm not afraid to be heard. So, I feel that is like a big thing for me, because I never used to feel that way, but now, I do. I'm comfortable with myself, and that's a good feeling.

Ramit Sethi: That's interesting. So, sounds like personally and professionally, you feel confident. What is most interesting is that you didn't used to feel that way and something shifted, can you give me a basic approximate age when that shifted for you?

Elizabeth: So, I'm a twin, and I think I used to be the shy one, not like talking to anybody, kind of self-reserved. She was the social butterfly. She had to go to all the events, whatever. I think that shifted probably when I got to sixth grade and I started talking more. When I went to college, that was a whole different light for me and I just shone.

Ramit Sethi: Love that. And can I go out on a limb and guess that when you were younger, your parents would describe you as she's the shy one, and oh, she loves being around people. Is that what would happen?

Elizabeth: Mm-hmm.

Ramit Sethi: And how do you think that that label affects you?

Elizabeth: I want to say maybe like it made me feel like the castaway, I guess, like I'm just like, I don't belong, just like my mom's a social butterfly, too, and like I want to be like her, like my sister, competing to be that way, and I just couldn't at the time.

Ramit Sethi: Yeah. And after you started to flourish, was there a while when your parents still referred to you as the shy one where you changed your own opinion?

Elizabeth: A little bit. Like then, it's like I still had that shy, and then it was like, oh, well, she's the star, I was the scholar, I was the athlete, I became this whole different person, I completely changed dynamics as I was growing up.

Ramit Sethi: She was describing herself. Are you starting to see that connection now? Words have power. Remember earlier when Elizabeth used those extremely negative words to describe her debt?

She said, stupid, disgusting, horrible. She wasn't only describing her debt, she was describing herself. Are you seeing the connection now? The words you use, 'm picking up on a lot of them, worry, disgusting, horrible. Is that accurate in how you feel about your financial situation?

Elizabeth: Yes.

Ramit Sethi: Okay. And if you had to describe something physical, how would you describe that on your body?

Elizabeth: Shaking, almost like my whole body is going to explode. Like I get so nervous talking about it, like I can hear my mouth right now, like just shaking back and forth, because I don't like to talk about my debt.

Ramit Sethi: Yeah, you don't like to talk about it, because what?

Elizabeth: Because of how high the number is. And I feel like I'm like being judged a little bit, but I know like, again, how Adam said, like his mom said, everybody has debt, it's just part of life. I don't want to see it that way, but I don't know how to get out.

Ramit Sethi: Okay. Well, first of all, how would it feel if I were to tell you that there's definitely a light at the end of the tunnel and that you absolutely will be able to pay off your debt? How would that feel?

Elizabeth: Good. And I know that right now that I'm in school I'm not making as much as I was before I went back, and I know that once I get to my career, I will feel a little bit lighter, it's just, I'm struggling to see it now.

Ramit Sethi: Yeah. Keep going on that metaphor of feeling lighter. If you mentioned that it feels shaking in your body, your teeth, you can feel that shaking, now, just for a moment, pretend with me, pretend that that feeling was gone and that it was just, you never felt that again. What would that feel like to you? And kind of walk me through it physically, the shaking, where's the shaking going?

Is it going up? Is it going down? Talk me through that. These questions might seem a little odd, but I'm asking them for a specific reason. I want her to get out of her head. When she describes how her debt feels, how it physically feels, you can hear her describe these finances differently. It's much more vivid. She's feeling it as we're all listening.

Elizabeth: I'm going to say the shaking is going to go down, like completely leave my body down to my feet, and if I didn't have to worry about this I would feel less stress. My head would be in a clearer space like anxiety would be gone, like I wouldn't have to think about it.

Ramit Sethi: Okay. Fantastic. I mean, what would it feel like to be able to wake up, get in the car, the beautiful red car you have, driving, you've got a big smile on your face, I mean, how would that feel to you?

Elizabeth: Oh, that would feel almost heavenly, like euphoric.

Ramit Sethi: Yeah, those words, to me, are words that belong in a rich life. Euphoric, heavenly, light. That's beautiful. And we could get there, we can get there, but we need to do a little bit of digging before we figure out how. What label do you think you give yourself now? Let's think about money, for example.

Elizabeth: Oh, now that I have adult money?

Ramit Sethi: What were the words you used to describe yourself and money in the first five minutes of us talking?

Elizabeth: Like horrible, and dumb, stupid, disgusting. Yeah.

Ramit Sethi: So, how do you think using those labels for yourself affects the way that you behave with money?

Elizabeth: Oh, it feels really bad. Those are strong words that I describe and I think that's like my problem, too. Like I know that I have those characteristics, but I try to throw them in the closet and pretend they're not there until they come up.

Ramit Sethi: Yeah, you're trying to change, but you have a leash around your neck, and that leash is of your own making. You're holding the leash, and the leash says, I'm stupid, I'm dumb, I'm horrible. Out of curiosity, by the way, would you ever call anyone at work, dumb, stupid, and horrible?

Elizabeth: Yeah, sure, I would probably say-

Ramit Sethi: You'd call them that to their face?

Elizabeth: No, no, no, my God, no, I would never say that out loud.

Ramit Sethi: Okay. Damn, that did not go the way I thought it would, but I think she gets the message. Okay. Would you ever call someone to their face in your family dumb, stupid, and horrible?

Elizabeth: No, I don't think so, I would say more about their actions, but I would never say like, you are stupid.

Ramit Sethi: Okay. So, how come you say you are stupid to yourself?

Elizabeth: Yeah, I don't know. I don't know if that's just like making me—I want to make myself feel that to push through I am maybe making horrible decisions with money. Maybe it's like a wake-up call.

Ramit Sethi: Does it work?

Elizabeth: No.

Ramit Sethi: No, it doesn't. But I am curious, what do you get out of it? Because you do get something out of calling yourself dumb, stupid, and horrible? What is it?

Elizabeth: I mean, it's not gratification, I don't even know why I do it.

Ramit Sethi: You want to ask Adam what he thinks?

Elizabeth: Yeah, what do you think about that?

Adam: I think you may get an excuse not to engage in money conversations with us.

Elizabeth: That is true. I guess I do say like when I am faced with that conversation, I do say I'm dumb, I don't understand what you're saying.

Ramit Sethi: Wow.

Elizabeth: I use that a lot.

Ramit Sethi: And Elizabeth, do you think that you consciously are using that?

Elizabeth: Again, like I feel dumb right now, like I don't know.

Ramit Sethi: You hear that? Notice that the automatic unconscious retreat to saying she feels dumb. You can't get a more obvious clue than that. You don't have to feel dumb. Nobody knows you better than you. So, tell us, you're using this consciously, tell us more.

Elizabeth: I don't know. Like sorry, I don't want to be emotional about it, I know I can do better, but I just can't let myself. It's like I put up this invisible wall that's not making me go forward. I'm stuck.

Ramit Sethi: Stuck.

Adam: So, I feel like a lot of this stuck feeling, and just these high emotions that Elizabeth is experiencing are partly because of me because I feel like I put such a high value on money. She worries that it's like she doesn't live up to my expectations or something like that, then I might be disappointed or whatever, and that will never be the case. The importance of money, I know, is not as important as our relationships.

Ramit Sethi: I don't know if I believe that. I don't know if I believe that. I appreciate the candor. I do think that you put a lot of pressure on her. Elizabeth, would you agree?

Elizabeth: Yeah, a lot.

Ramit Sethi: Yeah, a lot.

Adam: So, realistically, and I've never told this to you, Elizabeth, but this is truly how I think, realistically, I know that \$100,000 in debt, even if you had a single income, that the income you're going to have when you get out of school is nothing, you could do that in one year if you wanted to, just work your regular job out of school, and pay the debt off. We'll be married, and I have an income as well, and we're going to attack this debt together. I'm not worried about the debt like that is going to go away quickly, and I know that. Pretty much, the whole thing of this that I've been doing of just putting the, I don't know, like putting debt on this pedestal-

Ramit Sethi: Can I interrupt for a second?

Adam: Yeah.

Ramit Sethi: So, you just had this very nice sentence you shared with us about how you're not worried about debt and she could even pay it off if she was just on a single income. I hear you. I know you're seeing the math floating in your head. I see it. Do you think she believes what you just said, deep down?

Adam: I don't know. Do you believe that, Elizabeth?

Elizabeth: To a certain extent, I guess. I don't know. It's uncomfortable.

Ramit Sethi: I don't like cutting my guests off, but Adam was about to take us down a very unproductive direction and I saw it happening from a mile away. Here's what just happened. He had this very nice comment about how, realistically, she could easily pay off her debt quickly, which he knows, because he understands the numbers and he used to be in debt, too. There's just one big problem, Elizabeth isn't hearing a word of what he's saying. Sure, she can hear it, but she's not listening. She doesn't believe it. And that's because Adam is approaching this from a tactical, logical approach. Did you hear what he said? A hundred thousand dollars in debt, one year, you could pay that off, it's nothing, I'm not worried. Yeah, but she is. For

someone who calls themselves stupid and lacks confidence in money, none of what Adam said means anything.

It often makes them feel worse, because their partner just doesn't understand them. I cut Adam off because he wasn't looking at Elizabeth as he launched into this grand monologue, and she was starting to withdraw. I want to give him a chance to redirect it and reconnect with her. How do you want to proceed, Adam? This is a golden opportunity for you.

Adam: So, it's uncomfortable. What feelings are you feeling right now? What is making it uncomfortable?

Elizabeth: I'm feeling like a little taken back a little bit, confused in a certain sense, kind of like, I mean, I feel like upset.

Adam: I see. Well, I guess where I was going with that is not to make it seem like money is the most important, I was trying to make a point that, actually, not worried about the money, I know you could pay it off at any time, and even if you didn't pay it off, and you wanted to-

Ramit Sethi: Stop, stop, stop.

Adam: Okay.

Ramit Sethi: You're going into monologue land.

Adam: Yes, sorry.

Ramit Sethi: Nobody wants the monologue. Watch this, watch this. Hey, Adam, I have a really bad sunburn on my arm, it hurts, and I'm worried that it's going to hurt even more, and it's going to leave a permanent scar. Now, give me the same answer you gave Elizabeth in your monologue.

Adam: No, it won't be on for the rest of your life.

Ramit Sethi: Yes, you said, I'm not worried I know that the sunburn, based on the geometric numbers of the SPF 45 is going to blah, blah, blah, blah, blah, blah, blah.

Adam: I should be here with you, I'm here with you.

Ramit Sethi: Yeah. How do you think I feel when I'm telling you I'm worried about this scar on my skin for the rest of my life, and your answer is?

Adam: No, don't worry about it.

Ramit Sethi: Don't worry about it.

Adam: Yeah.

Ramit Sethi: Elizabeth, am I getting that approximately right?

Elizabeth: Yeah, that was a good analogy there.

Ramit Sethi: Okay. So, why don't we try this again? And let's not get into the numbers, because that is the temptation, especially for anyone who has been through a debt payoff, or investment, or anything, like that's what I did, and it did not go well in my relationship when I first started talking about money. Let me tell you what happened in my relationship. My wife and I were engaged, and we finally started talking about money. I know, I know, I broke my own rules.

I should have brought this up earlier. Anyway, we finally started talking about our salaries, and investments, and all that stuff. I was loving it. Hey, finally, I get to share all these cool systems I built. So cool. And then, we started talking about a prenup. At first, it was pretty good, but soon, it got hard. Looking back, my wife and I would both agree that we didn't approach it from the best place, as she approached it from a position of scarcity, but do you know what I did?

I rushed straight to the numbers, hey, here's why the number is so logical, makes perfect sense if you just factor in a 4% safe withdrawal rate, which I really think is too conservative, so we could do 3.5% knowing that you can likely get a 7.8% percent return. Of course, that includes inflation, hahaha, then the numbers just write themselves. Fuck, I hate my past self. That's why I want to save a lot of your logical dorks from yourself. You know who you are.

You have a little success with numbers. You read a fire form, or 40 of them, and maybe you understand compound interest a little bit, suddenly, you think everyone can logically see the world the same way you do. Hey, dorks, logic is great, but it's just one tool, and sometimes, it's the least important tool. That's where a lot of problems happen, when you try to rush to the numbers, just as I did. Now, the numbers matter, but if you've been listening to this podcast, you know that they're one of the last things that you nail down. Rich life first, then the numbers.

So, Elizabeth, can you start us off again? Tell us how you're feeling about your debt, that amount that you have. And then, Adam, I want you to think about your approach here. You have a golden opportunity to demonstrate the importance of your relationship. Go ahead, Elizabeth.

Elizabeth: The way I feel about my debt is it makes me feel stupid that I got here. It's disgusting how much I have accumulated over the years uncontrollably in some sort of sense again, and I feel like I'm stuck in this hole that I'll never be able to get out of, and I don't see how it's going to get better right now.

Adam: Well, life is going to go on and I'll be here with you to figure out how it's going to get better as we grow together.

Elizabeth: I know that you want to help me, and I know that you want to like help me understand and make better choices, but like I just don't want this to be all about money, and that's kind of what it seems like.

Ramit Sethi: Play that out for us. If it is all about money, okay, and you graduate, you have all this debt, play that out, what happens in this relationship?

Elizabeth: It'll almost be like a contract that I'm signing that says I need to have this amount of time to pay off my debt in this allotted time frame or something bad will happen, him not wanting to be with me because I have all this debt. And I think that was always my biggest fear.

Ramit Sethi: So, Adam, hearing this, how do you feel hearing Elizabeth say this?

Adam: Putting myself in Elizabeth's shoes, that must be terrible to go through life and a relationship that way. And I wish there was some way I could convey to you and you believe me that that will never be the case.

Elizabeth: I completely believe you. I do. From the bottom of my heart, I believe it.

Adam: You just have that feeling still?

Elizabeth: Yeah, I can't shake it until like I kind of see a better turnout for me, I guess.

Adam: What do you mean by better turnout?

Elizabeth: Like when I start getting this money and putting it towards the loans, and be done with having loans, and just focus on paying those off instead of, I'm in school, it just keeps getting higher and higher.

Adam: So, that sounds like you almost feel underwater, because I mean, you only have a few more semesters, but the loans are still piling and that makes you just feel like this weight.

Elizabeth: Like I can't get out of the hole that I dug, there's no ladder yet.

Adam: I got you. How do I support you through this short time until the ladder arrives?

Elizabeth: It's like, I appreciate you like helping me and giving me, providing me resources to help me through that, but I don't want to have every conversation have to start with money.

Adam: Got you. I understand.

Ramit Sethi: Okay. That was fantastic, watching the two of you engage in this dance, it's a new dance you're both learning, so everybody's a little bit uncomfortable, but you're both giving it all you've got, and that is fantastic. I appreciate Adam's question. How can I support you? Love that. And Elizabeth, I appreciate the candor, which is, hey, I appreciate some of the resources, but really, I don't want everything to be about money. Let's zoom out for a second.

We have not gotten to things like creating a debt payoff plan, because that is a technical, tactical thing, and it's covered in my book and all over the place, that's not going to solve the problem. I could show you right now exactly the month and year that your debt will be paid off, they'll have zero effect on how you feel about money, Elizabeth, and Adam as well. It'll have zero effect on your relationship. The deeper issues here, can both of you spot what some of the deeper issues are?

Adam: There needs to be a little bit more of like psychological safety in the relationship, and that needs to be the bedrock of this. And then, these tough conversations can come after that.

Ramit Sethi: Elizabeth.

Elizabeth: I completely 100% agree with that. I mean, I do think, over time, we've gotten better at communicating and I know I've always struggled with that, but it's a scary topic for me and I'm trying to do what I can to better us in that sense.

Ramit Sethi: I love this concept of psychological safety. I want to talk about what that would look like, specifically if I were to come into your house and observe you two having a conversation or even a money fight. What would it look like if the two of you were in a psychologically safe relationship? This is important. They've both agreed that they need more psychological safety, and they're right, but I'm pressing them now to define it.

What is psychological safety? What would it look like? You'll find that the same scenario happens in your money conversations. You or your partner will say something like, we just need to be more supportive of each other, and you'll both nod, and you'll agree, and then the next day, you'll go back to doing exactly what you used to do. When I work with students, whether it's on the podcast or in my programs, I insist on getting specific down to the observable behaviors.

Now, just imagine if I were sitting on your couch observing the two of you talking about money, I'm eating a habanero salsa that I brought in my own Ziploc bag, because fucking Tabasco is not spicy, here's my question for you, how would I know that you're both providing psychological safety? Would it be a specific phrase that you would say? Would you have an index card that you would use with a checklist on it? Would it be that you have an agenda and you talk about money on the first of every month? I want to see the behavior, not just the feeling. Feelings are powerful, but without behaviors, they're often misleading or ephemeral. Tie those specific behaviors in and you're going to see real lasting change.

Adam: Just having the ability to make it through a full conversation about money, whatever it is, tactical stuff about how we're going to pay this debt off or thinking about the next purchase and emotion is not rising.

Ramit Sethi: Specifically, what does that mean, emotion is not rising?

Adam: Nobody's muscles are tensing up, nobody is saying, I always look out for you, like you always talk about money or you always whatever, no one is saying that.

Ramit Sethi: What are you saying instead?

Adam: Just literally anything on the subject.

Ramit Sethi: Notice how hard it is for Adam to get specific. This is so common. I'm going to keep pushing him. By the way, I sound mean in these comments, but I love this, so I'm not sure why I sound like a prison guard yelling at someone. Sorry, Adam.

Adam: I guess I'm thinking more of like a technical conversation that can go anywhere.

Ramit Sethi: It's not technical, what are you saying instead, it doesn't matter what the topic is in personal finances, you've told me you're not going to say things like, you always do X, what are you going to say?

Adam: I just feel like maybe people would be saying, I feel, instead of-

Ramit Sethi: Okay. So, you're going to talk about feelings. Good.

Adam: Yeah.

Ramit Sethi: What else?

Adam: And just like reassurances, like I'm here with you, this kind of thing.

Ramit Sethi: Love that. And let's talk about that last 60 seconds of the conversation. Maybe it was a pretty controversial, provocative, or even heated discussion, what happens in those last 60 seconds of the conversation? What are you going to be saying to each other then?

Adam: Just like, okay, wow, I'm glad we came to that conclusion, I'm glad we had this conversation.

Ramit Sethi: Watch this, Adam. Elizabeth, in that last 60 seconds of a psychologically safe conversation, what are you saying to each other?

Elizabeth: I love you.

Adam: I love you, yeah.

Ramit Sethi: Guys, come on. You love each other, and the way that you can express that is if you feel safe. Now, I'm going to guess, I'm going to go on a big limb here, the last 10 times you talked about money, you didn't look each other in the eye, and say, I love you, at the end of that conversation.

Elizabeth: Is that right?

Elizabeth: That's spot on. That's spot on.

Adam: That's spot on.

Ramit Sethi: As you can tell, I am loving this, and so are they. We can have fun even though money can be stressful. And this is an awesome moment to create new rituals. Some of their rituals involve new habits, like saying, I love you at the end of a money conversation they have. Some of their rituals will involve getting rid of old stories that they used to tell themselves.

Once we're done with this call, I'm going to give you a little bit of homework, I want you to take a piece of paper, dumb, horrible, stupid. Write those down on a piece of paper. I am dumb. I am horrible. I want you to throw those in a fireplace or light them on fire, take a picture of it, and send it to me. Okay. That's going to be your homework for today because those days are over.

Elizabeth: I'd feel relieved.

Ramit Sethi: Yeah. How come?

Elizabeth: Because I feel like this was a weight that I feel like was on our shoulders together, and I don't want to feel that way.

Ramit Sethi: In this episode, there were a few points that stood out to me. First, words have power. When we call ourselves bad with money, that can often become a self-fulfilling prophecy. We can rewrite that language to say something instead like, I haven't mastered the skill of money yet, but I'm going to put aside time each week, so I can get better at my finances. Oh, what a beautiful reframe.

The second point that stood out to me was that each of us can have very different experiences with money. He was in debt and loved paying it off as aggressively as possible. She also has debt, somewhat of a similar amount, and she approaches it differently. Doesn't mean one is right or wrong, but we have to be able to hear how the other person thinks about their financial situation before we jump in and tell them to do it our way. And finally, one of the things that stood out to me today was that you can have fun in these conversations. We can make some jokes about each other, we can laugh, and we can create some new rituals.

Podcast Episode 14: I hide my spending from my husband

Synopsis: Meet Chuck and Mary. With a household income of \$450,000 a year, they're wealthy, but they're not living A Rich Life. Mary spends money—in secret—and feels judged when she makes "frivolous" designer bag purchases. Meanwhile, Chuck feels he can't invest in a personal trainer. Their backstory is revealing.

Mary grew up in a large family in Argentina where a bottle of Coca-Cola was an indulgence. When she made it to the States, she never wanted to feel deprived again.

Suddenly, her spending takes on a new dimension. To her, a Chanel bag is more than just a bag. They have the money, yet they need a shared plan. To create a Rich Life, they'll have to dig into each other's money clues.

Podcast Transcript:

Ramit Sethi: I'm Ramit Sethi, and this is I Will Teach You To Be Rich, the podcast. In this episode, I'm speaking to Chuck and Mary. Mary's 37 years old, and she's originally from Argentina. She moved to Los Angeles with Chuck, who's 38, and she still feels guilty that she doesn't live close to her family anymore. Their issue is spending. Mary loves to spend a lot on high-end luxuries like Chanel bags, and Chuck is starting to feel like he can't spend any of his money on the things he likes. By the way, his annual income is \$450,000 a year. And there's another problem, Mary has started hiding her spending from Chuck.

Mary: I hid the fact that I did a cold sculpting treatment and some other skin treatment in my stomach because I had three kids and I was very self-conscious about it, so I've hidden that for a long time. I ended up telling him, but it was in a very casual way like, yeah, I did this, they gave me payments, which they're going to be for the rest of my life, and it's not a big deal. But the truth is, I hid it for a while from him, and I was scared to tell him because I didn't want him to judge me for it or get disappointed in me.

Chuck: There have been several situations like that. I wish there weren't limits and wished to provide for the family, to not have any restrictions in terms of what she could do. But also, it feels challenging, that she has to hide it, and we can't have the conversation about it, or by the time we have the conversation, then it's a more tense place to have it because one of us feels like the other person did something wrong.

Ramit Sethi: How much did this CoolSculpting cost?

Mary: It was \$7,000.

Ramit Sethi: Okay. Now, is that a little or a lot based on your income?

Mary: I mean, it's a lot. I mean, our income is really good, but we also have a lot of luxuries that we choose to have, like having a full-time housekeeper. So, that doesn't leave a lot of room for discretionary spending. Because we need it at the moment, I just think I can figure it out later. I'm like, I'll figure it out later, I'll pay for it, I don't know, with a gift money or something.

But it was something that I should have talked about because it was a commitment and I still have to pay for it, even though it was in 10,000 payments. My whole life, all I wanted was things, as a kid, I lacked a lot of things. And there was so much deprivation that once I got a glimpse of the good life here in America, Josh and I are not wealthy, but he grew up in an affluent family, and that gave me access to a bunch of things that I didn't know that they were possible.

Ramit Sethi: Like what?

Mary: Like buying a designer dress for my wedding. Like I don't know, that was, it's truly like a princess moment for me. And this was early on in our relationship. Once I discovered that good life, I was like, I want it all. I never want to feel deprived again.

Ramit Sethi: Because what?

Mary: Because that makes me sad, and it makes me feel deprived, and it brings me back to the years when my mom would say like, we can't have this because we don't have money and there's not enough, there's not enough, I can't buy you these, I can't buy you that, I can't give you what you want, because it's expensive. We're too many. That was another script. Like we're too many, can't afford that you can't have a Sweet 16 birthday party, because you have four sisters, I can't.

So, it was all like, I can't, I can't, I can never have. And there was a lot of attachment to the material, too, because of course, once you lose it or you ruin it, there's no more money for replacing it or buying more. So, when I had the chance here in the US, especially in such an easy economy, I would say, and access to everything, I went bananas. We grew up in a very unsafe social situation in my country.

There was a lot of crime going on and there were a lot of robberies around my neighborhood in my whole childhood, to the point that as an adult, I still carry a lot of fears and phobias, or I have like this fear that something's going to happen to me. Still, to the day, it's something that I battle with, and that's why I go to therapy and do other things just to lose sort of that fear like getting hurt or something bad happening to me.

Ramit Sethi: I can sense that burden that you are still carrying today. I appreciate that you are so open about it because it can't be easy. I can also say that people who grew up in the US, in certain parts, might have a sense of what you went through, but in most parts of the US, we cannot fathom, that our currency might be devalued tomorrow. It's just not something that we grew up with. So, I appreciate you being so open about that.

Try to put yourself in her shoes. Think about what it must have been like to grow up in a country where you had no idea what would happen tomorrow. Most of us in the US simply cannot fathom it. When we go to the store, we know that one dollar is one dollar. We know there's going to be eggs in the grocery store and there's going to be gas at the gas stations. We cannot imagine what it's like to think about our currency being devalued overnight.

Sometimes, I wish I could take my loudmouth friends to India, and let them see what poverty and opportunity there look like. I had one friend who said to me, well, if I could make it here, I could make it there. And I stopped him right away. I said, let me explain something to you, in my family's house in India, there's a maid. Her mother was a maid. Her mother's mother was a maid. And if she's lucky, her daughter will work in technical support. My friend's response?

Well, if one in a billion could do it, I could do it. This Western-centric way of thinking is pervasive, especially among people who are from small towns and haven't traveled much or been exposed to other cultures. For them, the world is easier to navigate if it's black or white. Successful people work hard, therefore poor people must not work hard. Okay. So, listening to her describe her upbringing, it might be tempting for us to roll our eyes, and talk about how irresponsible she's being with spending and buying all these things, but we also have to take into account where she came from and where she is now.

Mary: 450 sounds like a lot, and I don't feel like we have that much for some reason. I guess like between schools and the housekeeper, it doesn't feel like it leaves a lot of room for things.

Ramit Sethi: You did, earlier, say, we are not wealthy. Do you remember saying that?

Mary: Right.

Ramit Sethi: Now, when you hear that number, would you consider yourselves wealthy?

Mary: I definitely will, it sounds like a lot of money. It sounds like somebody that's doing very well in life.

Ramit Sethi: Why don't we change that phrasing a little bit?

Mary: It is a lot of money. Yeah, it's just it doesn't sound like it, it is a lot of money, especially for LA, I think it's a good living.

Ramit Sethi: Okay. Rich, give that to me in a full sentence. What is it? I want to hear the whole thing.

Mary: Earning 450,000 dollars a year is a lot of money, and it is the salary of someone who lives very well. That's a good income.

Ramit Sethi: Wow. How did that feel to say?

Mary: It felt good.

Ramit Sethi: Yeah.

Mary: Like makes sense.

Ramit Sethi: But do you believe it?

Mary: I have a hard time doing so, I don't know why, because I guess like life in LA and with kids, it's so expensive that it doesn't seem like we're living this lavish, fabulous life of the rich and famous. But it is actually because when we were young and we talked about how much we would like to make, this was like a super crazy goal.

Ramit Sethi: This is classic. I have people who say to me, well, it's not like we're rich or anything, we're what I would call well-off. I'm like, you have a fucking net worth of \$32 million, you're rich. I'm going to spend a second here because this is an important point. It's not just that this is eternally annoying to me, it's also that part of living a rich life is being honest, being honest with others, and being honest with yourself.

If you earn \$450,000 a year, you are financially rich, you're wealthy. Now, we can argue over definitions and lifestyles, but by any calculation of median income, you are wealthy. Now, are you a 100 millionaire-wealthy, billionaire-wealthy? No, but you're wealthy nonetheless. You need to be honest with yourself because it forces you to take agency for your decisions.

It's not that you're just a middling upper-middle-class person who's struggling to save more, no, you chose to hire a chef, you chose to send kids to this school, to buy Chanel bags, own it. I want you to take ownership of your decisions. And once you're honest with yourself, then you finally earn the right to change. But without that honesty, you've created this fake scarcity in your mind, oh, boo-hoo, we don't have a lot.

I mean, sure, we do fine, but it's not like we're rich. I would rather you say we do very well, and we're fortunate, here's what I choose to spend my money on, and here's what I don't spend my money on. Ramit, the reason I'm talking to you is that I don't think my spending is aligned with my values, and I want your help to change that; Ramit, we make \$450,000 a year, and I'm frustrated that we can't buy this one thing, I want to do it, why can't we do it?

Great. I love the honesty. I might tell you, hey, you need to earn more to do that, or you need to spend less on something, but at least we can have an honest conversation. Okay. So, no matter what, please stop the bullshit about making \$450,000 in your 30s and not being wealthy. When you were a kid, how much did you want to make?

Mary: No. And when we were talking about living in LA, about living in New York, that we considered once, he's like, I need to make at least half a million a year, and this was like when we were like young and not married, so it's pretty crazy that we reached almost that point.

Chuck: We haven't traveled. We cut back on a lot of restaurants and then cut back on things, discretionary items that I would like, personal training, and good gym memberships. And I'd find ways to find the same enjoyment in food and self-care in more affordable ways. And I also have cut back in terms of where I'd want to invest and put money to work in other places. And so, it's not deprived in the sense of living in a Buddhist monastery, but we're still living a good quality of life, but I still hold back on different things that I'd like to do a bit more of.

Ramit Sethi: What do you feel when you hear that?

Mary: No. I mean, it makes me sad, but—it makes me sad because I don't want him to feel deprived. After all, he also is the one working super hard for that money.

Ramit Sethi: How much money are you going to have to make for you to be able to get even one personal training session per week?

Chuck: I don't know. Maybe 50% more right now.

Ramit Sethi: So, you're going to have to make \$750,000 for you to spend one hundred dollars a week on a personal trainer?

Chuck: Maybe. The reality is we should already be able to do that if that's something that I prioritize, value, and want to make happen.

Ramit Sethi: I agree. What I'm trying to point out here is in the current state you're going in, you're never going to get those training sessions.

Chuck: Yeah.

Ramit Sethi: Never. It's not about the amount of money, because you make a lot of money. Also, when I say personal training, I'm not necessarily saying you're getting five training sessions a week, that's expensive, but even one, which could be meaningful to you. The fact that what you just said is, I'm going to have to make three-quarters of a million dollars to spend \$100 a week on something important to me and the health of me and my family, that doesn't seem right.

Chuck: No, you're right.

Ramit Sethi: So, why don't you tell Mary that? And I don't want you to minimize it. I want you to tell her exactly how you feel right now.

Chuck: Yeah. The way I feel is I'm frustrated I can't do more for myself. I feel like I'm working hard and doing a lot to provide for the family, yet I come last in it. I would like to do more for myself.

Mary: I hear you. I hear you. And you should, I think you should do more for yourself because I would like to see you doing more for yourself because that would inspire me to probably pull back a little bit, and also like see you happier, and enjoying your life and your hard work a little more.

Ramit Sethi: I noticed this role of the pursuer and pursued, you're coming and saying, hey, what's up with the spending? And you're feeling judged, you're feeling guilty, uh-oh, I may have overspent again, retreat, Josh pursues a little more, and then it all kind of falls apart because you're both dancing with each other, but you already know where the dance is going to go. You didn't follow through.

She spent more than we said. And worst of all, there are no real consequences. What's the effect of any of this? And the truth is nothing. You're living a pretty good life. You have a live-in housekeeper. If you want to get certain things, you get it. So, you both haven't yet uncovered a motivation strong enough to get you to want to change. Is there one?

Mary: I don't know.

Chuck: There's so much more that we could do. And so, it's about this future state that doesn't exist, and maybe there's not enough color or shared vision for what that looks like. I want to accumulate the ability today over time to be able to do more in the future because I don't know all the things that we want to do, but I know one, at any moment, our life could get disrupted, something could happen with the business,

and I want to be prepared in the worst case scenario that if something does happen, we can continue at least sustaining our life until things could get back on track.

Both of us feel stressed because there's some future state. It may be owning more purses, or having more things that are important to her. And for me, it's about protecting this ability and flexibility to do things in the future, to have that stability, and have that abundance, and have those other things. And we might not have alignment around what that looks like from each other's point of view.

Ramit Sethi: Oh, I love this. Did you catch what just happened? I asked what would get them to change, and he gave me this long, rambling answer. He doesn't even remember the question, he was just talking stream of consciousness. How do you think she responded to that?

The question I asked was, is there a motivation that would get you to change, and you just gave that answer, what did you hear?

Mary: I heard nothing.

Chuck: Correct.

Mary: There's nothing there that motivates me to change.

Ramit Sethi: Why?

Chuck: I think because I haven't been concrete enough in outlining things that are motivating to her.

Mary: Yeah.

Ramit Sethi: Or, yourself, you're speaking academics. Oh, I want to be able to potentially invest one day in something. What I was hoping you would say is I want to get a personal trainer four times a week. That is concrete. I wish you would say, you know what, I want to take all of us on a trip to this place and this hotel. I want to take all the kids on a kite surfing expedition. If you heard something like that, what would you think?

Mary: That sounds awesome, let's get to it, but like I hear nothing. It's always the same answer, which I think is very valuable from a business point of view, but from a personal point of view, it doesn't speak to me.

Ramit Sethi: This is one of the most common things that I see from men. They go into long monologue land, and when I asked them, hey, did you see your wife's face while you were talking? They look at me completely bewildered, no, what do you mean? I'll say, well, what do you think she thought of when you were giving me that answer? And they have no idea. In psychology, there's a concept called social monitoring.

I'll give you the simple version of it. If you're a high social monitor, you're aware of the social context around you. You're likely to adapt to it. If you're a low social monitor, you're not aware and you're not going to change your approach. You're going to be the same in every situation, whether you're at the orchestra or a club in the meatpacking. The vast majority of low social monitors that I meet are men. So, what's the lesson here? Don't do that. In your head, you sound logical and smooth. If you were to take one second during the middle of your long monologue and look up at your partner, you might realize they are not listening to you at all. They're disconnected. Now, I would love to spend more time fine-tuning these social skills. If you want to do that, get my How to Talk to Anybody program from my products page.

Mary: Whenever he gets himself something, even though I know that we're over budget, because of me, I'm happy, because I see him like indulging, and enjoying, and taking care of himself, even if it's like, I need new shorts. And then, he got \$600 of shorts, and I was like, oh, that's a little money, but I'm so

happy for you because truthfully, you never do that for yourself and I'd like to see you enjoying the things I enjoy by more thinking about how we can make our life more enjoyable.

Ramit Sethi: Okay. So, we're going to get to this right now. Let's do it. So, what I would like to ask both of you is to think about the next five years. What are the bucket list items, the things that would be incredibly meaningful to you to achieve? And I'm talking specifics.

Mary: So, within the next five years, for us to be living a rich life, I think I would love to go to Big Sur for every anniversary, and stay at the Post Ranch Inn, which is the most incredible place that I've been, and just spend a few days there, and enjoy, and not worry about cutting back on alcohol, because the bill is going to go up. Also, I would like to treat myself to a Chanel bag every year, which costs around five to seven grand each. I would like to get a bigger house and decorate it as I want it. I would like to go to Europe. I would like to go to Greece and the south of Italy. And I would like to go to the south of France. I don't know much about hotels there, but I probably would like to stay at a nice one and travel business class for everything.

Chuck: I think there's a lot of overlap in the things that I wrote down. The one question I have is those are the things that matter most, are you willing to make sacrifices in the day-to-day, week-to-week, and month-to-month life to achieve those things?

Mary: Yeah, if there's a plan, if there is a deadline, for sure. And if there's also, I think, no judgment on the other end, just because mostly, I never wanted to say the things that they were important to me, because you don't think that they are to you, then they don't deserve to be important at all. They felt dumb, sometimes, wanting a Chanel purse as an asset when he's like, that's not important, we can put that money in investment. I'm like, I know that, but I still love the purse.

Chuck: What can I do differently for you not to feel judged? Because truthfully, if we allocate, whatever, 10 grand a year for you to spend on whatever you want, I have no cares in the world what you're spending money on. It's when you go to 15,000 that there's judgment around, well, I thought you were going to be able to get what you want with this that we talked about, and the judgment is more about going above and beyond than what you're doing kind of with that spend.

Ramit Sethi: I've heard you say multiple times, that you feel judged. I hear it. And so, we've kind of narrowed it down to this one simple, beautiful example of a Chanel bag. What I might suggest to you is not telling what makes you anxious, and when you're not anxious, and you're not judging here, but you are judging if it gets above a certain amount, what if instead you simply said, you know what, I don't think I've ever really asked you why you love Chanel bags. What does it mean to you to be able to get one every single year? Can you tell me? I'd love to know because I want to understand that. If you ask that, how do you think Mary would react?

Chuck: She would love to tell me.

Ramit Sethi: Well, let's do it.

Chuck: So, what is it about having a Chanel bag that is so motivating and that you're so interested in?

Mary: Because I think it's the material icon for, I made it, for, I achieved the rich life. It's such a precious thing in the fashion world, but also like in the world in general, I feel like as a woman who likes clothes and fashion, having multiple Chanel purses is the realization of being the rich woman that I always wanted to be, like the Sex and the City kind of like vision of like me wearing designer clothes, and lunching, and having fun with friends. That was like the fantasy that I built up in my head growing up, thinking that that's what I want to be, because I don't want to lack things anymore, and I want to be able to treat myself whenever I want. So, for me, it's like, yeah, it's like the birth of the rich life that I wanted.

Ramit Sethi: What did you hear just now?

Chuck: So, what I heard is it's a token, or symbol of affluence, or respect, or prosperity that Mary could prove to herself that she's made it out of the past that she came from, and get recognition for others that she's accepted on a different level, that maybe she feels wouldn't natively feel comfortable with.

Mary: Which is funny, when I was little, my parents, they would have months that they were really bad, and that we were having like tea and crackers for dinner, and then months that they were better. So, when my mom would come back from the grocery store with prosciutto and a bottle of Coca-Cola, that meant that that month was booming. It was like my dad was balling, so this would be the translation of that.

Ramit Sethi: Yeah. The handbag goes way deeper than a bag. It's not about function. It's not frivolous. It represents something much, much deeper to her. I just love hearing people talk about what they want to spend money on. I love it. I love that it's conscious. I love that it's so focused. I love that it's a beautiful thing that you've thought about and is emotionally connected to you.

And the prosciutto example is such a beautiful capstone to that. It is your grown-up equivalent of getting prosciutto and coke. So, I hear that and I love it. I don't think it's shallow at all. My suggestion is that you could ask 30 more questions about a Chanel bag, and she would sit here for the next 15 hours and happily tell you every last detail about every Chanel bag she's ever looked at. Am I right?

Mary: You are right.

Ramit Sethi: Exactly.

Mary: I just don't think that he cares about it-

Ramit Sethi: But that's what we're talking about because you've never given him a reason to understand why this is important. Before it was just a bag and kind of thought of as a frivolous symbol, but what we're seeing is that it's way deeper than that. It's way deeper. So we could sit, and you could learn about these bags, and you could ask her a bunch of questions, both about the bags, but also, what does it mean to you?

Well, tell me about this prosciutto thing. So, how often would they come home with it? And then, what happened? And would everybody gather around the table? What was that like? And then, what? You took one Coke and shared it with all the different glasses. Oh, my god. That's crazy. What happened then? What you're starting to get to with these questions is the idea that this bag is not just a bag, it's a symbol, as you put it, a token.

And so, suddenly, when you go together to get that bag once a year, maybe you make it a whole thing. Let's go there, and afterward, we're going to take that bag in the box, and we're going to go to the prosciutto place, and we're going to eat prosciutto, coke, and enjoy the Chanel bag. It becomes a whole event. If you did that once a year, what do you think would happen in your relationship?

Chuck: I think Mary would feel less judged, more valued, and more motivated to stay on track.

Ramit Sethi: I think so, too. And now, I want to hear from you. What did you write down for your rich life in the next five years?

Chuck: So, travel was on mine, too. We just did a family trip to Yosemite, rented this amazing house, and the kids, especially after being stuck inside, were able to just get dirty, get wet, explore, and have the best time. I would love it if we could do two luxury trips like that, one with the family and one as a couple, where we don't have to be constrained by where we go. We could travel to Montana, or Hawaii, or go to Europe.

For me, that's the best use of money, is for things that create memories, and create connections, and create those moments, where we can connect that we normally can't in each other's life. Two is right now,

I hate that we feel stressed to have to pay for private school tuition for the kids. I would love for that not to be a worry. For middle school and high school, I want the kids to be able to go to whatever school they want to without money being a gating factor.

Third I would love at least twice a week to have tennis lessons, personal training, or some sport or activity that feels selfish that I can do for myself that makes me feel good. And lastly, I'll set something around the house. I would love to be able to add a bedroom, redo the yard, and just kind of take our living to the next level, whether it's moving into a new house or doing something with ours.

Ramit Sethi: Great. Thank you very much. That sounds amazing. What did you feel hearing those things?

Mary: That makes me happy when he thinks about himself and his own needs. Like I love that he wants the kids to have a good education because we all want that. But I like to hear when he's like, I want a personal trainer or I want to be able to do tennis classes because it's at the end of the road. I like to hear that he wants to indulge or enjoy himself selfishly, because I am like that, and I have a lot of guilt towards thinking that way, that things that are just for me are selfish, or I have to hide it because I feel guilt. It's nice to hear him say that.

Ramit Sethi: You hear that phrase, guilt, I have a lot of guilt, I'm going to reframe that for them. I don't feel guilty because there are limits, I love limits with my money. Let me show you why. I am glad you both have limits. Thank God that there are limits. I think life is a lot more fun with limits. It gives me something to look forward to. And that is a total reframe on your money, not only for yourself but for your kids. What kind of example do you think that they are learning by seeing parents who pull away from each other, and hide money, and spending, and then it blows up, and they don't commit to fixing it?

Mary: Oh, my kids know.

Chuck: That's terrible.

Mary: My kids know. It's terrible. My kids, they're like, can we buy this? But we're not going to tell Poppy, and I'm like, no, we shouldn't lie to him.

Ramit Sethi: You shouldn't lie to him but hold on, don't mention that CoolSculpting thing.

Mary: I know. It's like it's one of those things like, do what I say, but not what I do.

Ramit Sethi: So, your kids are smart and they're already old enough to have picked up on this.

Mary: Yeah, my older kid for sure, our seven-year-old, he knows, and he has told me, Mommy, don't blow all our money.

Ramit Sethi: I love that we completely bury this until the end.

Mary: Yeah.

Ramit Sethi: There are real consequences for not committing to a plan that both of you put together and stick with it. Your seven-year-old is already picking up on this. And you both know as parents, once the kid picks up on something and starts doing it, it is 100 times harder to reverse that behavior and to get it right in the first place.

Mary: For sure.

Chuck: Right.

Ramit Sethi: What are the consequences if we don't live a rich life? So, in your case, the consequences are not that bad on the surface, oh, we can't get an extra floor in our house, and you can't get this Chanel bag and stay at this beautiful hotel. Oh, boo-hoo. But when you dig a little deeper, there are some serious consequences. What are they?

Mary: Well, definitely, what we're modeling to our kids, and I don't want to set them up for failure, because this is how we teach them, by modeling. It's like there's so much I can tell them, but if I don't do it, they will never do it.

Ramit Sethi: Kind of like when you grew up and you heard things around you like, there's too many, and we don't have enough. And now, many years later, are you still working through those issues?

Mary: I mean, I'm 38 years old and I still can't get over it.

Ramit Sethi: Yeah. So, that's good. What other consequences are there if you don't live your rich life?

Chuck: I mean, there's a lack of trust, and feeling of support, and commitment in the relationship, and that can't be good for the long-term health of a relationship.

Ramit Sethi: Yeah.

Mary: No, because there's only so much that people can put up with. I mean, it could be years, but it all eventually crumbles if we don't have like the same vision and the same plan because that happened to my parents. After all, my mom was an ambitious woman. She was the daughter of someone who had money and she sort of expected the same from my dad, who came from a more humble upbringing, and more like, I just want a 9:00 to 5:00 job and be happy about it. And that over years and years of struggling in their marriage, and with the family, and everything, each ended up, split up in their 60s.

Ramit Sethi: As I always say, the real issues often come out in the last five minutes. It is amazing to me that people will see something broken in their lives, like an overbearing parent or a lazy spouse, and then they will recreate the conditions that lead to that same thing happening again. In many ways, we are following a map that's been set since childhood, but we can change it. Now, these two are living a good life.

I would say a very good life. With just a few small tweaks, they could turn that into a rich life. But in this case, it takes both of them to make it happen. For him, he needs to speak up and be assertive about what's a priority to him. For her, first of all, she's got to stop hiding expenses. That's just unacceptable. She also needs to create the conditions that let him feel comfortable enough to spend on himself. And for both of them, they need to have honest conversations about what they want, about their invisible scripts, and where they came from. And during these conversations, they need to watch each other and do a lot of active listening, things like, what did you just take away from what I said? Here's what I heard, what do you think of that? If they can do this, they can change their lives in six months. If not, well, they have a preview of what their life might turn out to be.

Podcast Episode 15: I have a \$1 million trust fund and I'm scared to spend money on food

Synopsis: Andy and Kate bring in \$200,000 a year and live rent-free. Andy feels bad about money every day. His partner, Kate, says she wants to work as a financial team, but she walks on eggshells. Andy wants to make her happy, but he has a poor relationship with money.

And that's not all. Andy has \$1.1 million in a trust fund, managed by a financial advisor, and he still has holes in his shoes. I asked them, "Do you want to turn 65, have \$10 million, and still worry about getting dessert?"

Andy will have to decide if he's going to let his old money stories determine the next 50 years of his life.

Podcast Transcript:

Ramit Sethi: Yeah. I'm Ramit Sethi, and you're listening to the I Will Teach You To Be Rich podcast. Today, I'd like you to meet Kate and Andy. Andy feels very anxious about money. He doesn't feel like he has enough to cover the basics like rent, bills, and food, let alone luxuries so that he can enjoy his life. Oh, and by the way, his household income with Kate is over \$200,000. Let me tell you how that breaks down because it's important.

160,000 of that comes from Kate. Andy makes 45,000 from his job and a further 25,000 from distribution. Yep, that's right. Andy has a trust fund with roughly \$1.1 million in it. And on top of that, they both inherited his family home, so they now live rent-free. I'm featuring this couple, because I want you to understand that just making more money will not change the way you feel about it. Your feelings are highly uncorrelated with the actual amount of money you have.

You tell yourself stories about money, stories that may or may not be true. And you must work on your money psychology, which is a separate skill from making money itself. Otherwise, you might end up with lots of money, but you won't find any joy in it. You won't even know how to spend it. Andy can't even bring himself to buy new shoes, and instead, he chooses to wear old shoes with holes in them. Let's listen. Andy, you mentioned that when you think of money, one of the words that comes to mind for you is nervous. Why is that?

Andy: I guess what I was saying was that for me, money is a finite resource. I don't think I have a job that compares to, let's say, my parents who made a lot of money, in my opinion, that kind of matches up to them. And so, I worry about having enough money to have a life that I guess I'm accustomed to or I grew up with. It just makes me scared, I guess, of an emergency or just having a normal life that I don't make enough to then have a life that can be happy. It's like it makes me nervous to think about it and just think that like, hey, I can't contribute enough or I can't pay enough, I guess.

Ramit Sethi: Okay. And when you say it makes you nervous that you can't afford something, how does that manifest itself? Like if I were in the same room as you right now, give me a situation where you would be getting nervous about not being able to afford something.

Andy: I don't buy a lot of things for myself. I don't buy a lot of new clothes like I will hold on to clothes or shoes will have holes in them, and it doesn't really, necessarily bother me, because I'm like, I don't want to be buying shoes every however often. So, like I'll hold on to shoes for a very long time that even have holes in them. Things like that that I guess maybe I'm not outwardly talking about to other people being

nervous, but if you're kind of looking at me, you'll be like, oh, why is this guy walking around with holes in his shoes, or I had an iPhone 6 for I don't know how long, I just finally got a 12. I doubled up on my iPhone. That's how long I was holding on to that old phone.

Ramit Sethi: Do you have holes in your shoes?

Andy: Yeah. I have holes in my sneakers that I wear. Yeah.

Ramit Sethi: Why is that?

Andy: Yeah, I think it has a little bit to do with how I walk, but I think it's just because, again, it's hard to put into words, but like in my mind, I'm like, oh, well, I've got to go spend \$100 on shoes, and I'm worried that I'm not going to have that \$100 to eat later, which I know sounds silly looking at, again, now, and I know it sounds ridiculous, but I worry about eating, and buying groceries, and being able to go out and spend time with Kate, and have a good time more than I am about how my shoes look.

Ramit Sethi: I'm less interested in if it sounds ridiculous, I'm more interested in why you feel this way. Did you hear what I just did there? I don't love the labels that we put on ourselves and our money behavior. In a previous episode, you might have heard one of my guests calling herself stupid, disgusting, dumb. She was talking about herself and her debt, and this kind of negative self-talk makes me so sad.

Growing up, I was a skinny Indian guy. Those were the words I used. I also had hairy arms. Well, I still do, but I did back then, too. It's so easy for people, especially young people, to lapse into using these negative phrases. I even started making it a joke, oh, I'm just a skinny Indian guy, but it became a self-fulfilling prophecy. It became part of my identity.

So, when I hear people making jokes about their identity, like an Indian person who jokes about being cheap, or someone who says, I'm just bad with money, or this probably sounds ridiculous, I try to stop them right there. Your words have power, and the way you talk about yourself is one of the most defining and important things you can do. Andy's self-talk comes back from his childhood, and specifically his wealthy parents. Listen to how this affected him. And as you do, I want you to think about how your wealth might affect your children. How much did they make?

Andy: I honestly could not tell you. I'm sure my mother, my mother was a very—she was the first female lawyer hired at Merrill Lynch. She worked there for 30-some-odd years. My father worked at banks, also including Merrill Lynch. I mean, he was a Cuban immigrant, so he came here basically with nothing, but then he worked his way up and was able to work up in the financial world. And I just know, again, my mother owned an apartment in Midtown Manhattan on 57th Street. Again, we were never hurting for anything, but we also weren't riding around in Benz's. We had an Oldsmobile minivan.

It wasn't like we were extravagant, but they made enough money that I was never hurting for anything. Honestly, if I ever really needed anything, they could always buy it. And usually, they bought things in cash. It wasn't like they were paying off car payments. They would pay the whole car on the spot, things like that. I know my father, sometimes, got very upset if he felt I was being wasteful with money. It took me more than four years to finish college. He wasn't super happy about that. So, I think those types of things, I can never—he's passed away. Both my parents passed away, so I can't necessarily ask them now.

Ramit Sethi: Yeah. I'm sorry to hear that. It sounds like they certainly set an example for you, and I appreciated hearing the positive and negative sides of it. I have so many questions. What do you think the costs are of living this way?

Andy: I guess in my mind, the cost is that I'm able to sustain now. Does that mean I'm the happiest? I don't know, but I also don't know what I'm missing out on. I don't know what the flip side is.

Ramit Sethi: Well, let's talk about that. How often are you anxious about something in your life?

Andy: Oh, a lot. All the time. I mean, I have anxiety.

Ramit Sethi: Every week?

Andy: Oh, yeah.

Ramit Sethi: Every day?

Andy: Every day.

Ramit Sethi: Okay. And how about around money?

Andy: I would say it's probably gotten better, especially since Kate has been in my life and can help me out with some things in my mind, but I would say before her and having a trusting relationship that way, it was every day. I mean, again, there were days that I couldn't afford food, I felt like, I mean, I guess I could. I didn't know I could. In my mind, I was worried about dipping into the money that I had in a certain way, but I was living—I had gift cards that I would get for Christmas that I would then use to buy food because that's—

Ramit Sethi: Wait a second. You could afford food. Let's be clear. There's a difference between actual numbers and how you feel about numbers. You said I couldn't afford to eat, and then you added, at least I felt that way. Those two are completely different. You could afford to eat. You're doing much better than most Americans. What I want for you is to be able to examine yourself, and be able to accurately ascertain if something is a story about money, what that story is, whether you believe it, and whether you are going to keep following that story. So, looking back, do you think you had enough money to eat if you ever were desperate?

Andy: I'm sure I could find a way in terms of, from someone, yes.

Ramit Sethi: Kate, what do you think about what you just heard?

Kate: It makes me sad that he felt that way.

Ramit Sethi: Do you think he had enough that if you were in desperate straits, he would have been able to eat?

Kate: Yes. I mean, but it's like he didn't open the envelope for Merrill Lynch that said what was in his account until three months ago, maybe. So, it was like he got the letters every month, and just put them away, and never opened them. So, I think he and I spoke about it. And if you had asked him before he ever opened it how much was in there, he would have said about 20% of what was actually in there. And I mean, I think we can agree that 200,000 is very different than a million, right? And so, I think it was a...

Ramit Sethi: Hold on, is it? Is it?

Kate: I mean, I think so.

Ramit Sethi: How so?

Kate: I mean, I think that I guess, 200,000 this age feels like okay, can't touch it, need to let it sit there, like trying to be responsible, versus, I don't know, when it's over a million, it feels like, okay, I can have \$10,000, and it's like not a big deal. Now, even saying that I'm like, well, that seems kind of silly to say, and if I needed it, it should be fine.

Ramit Sethi: It's not that you're both sitting here telling me I wanted to take a yacht to Santorini for two weeks and drop 30 grand a day. We're not talking about that. And I understand, Andy, that this was years ago with the food thing, but it's really important, this idea that whether or not it was \$200,000 or a million dollars, that you genuinely believe that you would have struggled to be able to eat. That's a really important story for us to disentangle.

Andy: I mean, I don't think I was covering my bills in terms of rent, so in my mind, I was a negative every year. I didn't want to see the numbers go down, because then I thought it was going to make my anxiety go up.

Ramit Sethi: Okay. Have you ever felt good about money?

Andy: I guess not. I guess I should now, but I don't. I mean, I'm just being honest with you.

Ramit Sethi: I appreciate the candor. Do you think you ever will feel good about money?

Andy: I think if I'm equipped with the knowledge that I'm doing, then I'll feel better, but I don't necessarily have a person, I don't have parents, I don't have a lot of families to guide me with this information, and I think that's part of the problem.

Ramit Sethi: Let's assume that we check all the boxes, and we figure out all the things you should be doing, and we look at your allocations, and all that stuff and it's good, tell me if I were sitting in the same room with you, how would I know that you are feeling positive about your money? What I'm doing here is I'm trying to get Andy out of his head. I want to talk about behaviors, not just what he feels. The way he feels is misleading. He tells himself these stories that are not necessarily true. And so, what I'm pushing him for here is if I were sitting in the room next to you, how would I know that you were positive about your money? How would I know that you were feeling positive about your money? And so, there are some very obvious ways that we know if someone is feeling positive.

Think about it. What do they do? They smile, they laugh, they're relaxed, they order food, and they tip generously. There are so many things, but they are behaviors. It's very difficult for people who are stuck spinning in their heads to step back and even think about behaviors. They're trapped in their mental quicksand, and that's what I'm trying to get him out of.

Andy: I mean, well, I buy some shoes, how about that? I guess for me, I don't know if I buy, per se, anything as much as be confident in being able to start a family with Kate or, again, have our wedding, provide for this house that we are living in, like just having that security.

Ramit Sethi: Would you smile?

Andy: Sure. I don't know if I've not been smiling now. Sorry.

Ramit Sethi: Well, this is serious stuff, but I haven't seen you smile about money. What else? When you went to the grocery store, what would you do differently if you felt positive about your money?

Andy: I don't know, I don't think I would feel super bad about spending money on filets for weekends. I don't feel bad about it now, but I would feel probably more comfortable with it, like I know Kate likes filets, I'll get filets, and we get some filets on the weekends and hit that up for dinner on Saturday night.

Ramit Sethi: Good. I want to point out to you your language here. I asked you, what would you do differently if you felt really good, and you said, I wouldn't feel bad. I think it's going to be very difficult for you to feel good about money when your only lens on money is feeling bad. Everything you've said is in the context of feeling bad, and you can move completely beyond feeling bad about money because you're going to check the box, your finances are going to be in the place they need to go, you're going to

have some good guidance, but it's going to take work for you to even remember how to feel good about something in and of itself.

Andy: Yeah. I mean, I don't disagree. I think there's-

Ramit Sethi: Try that again. I don't disagree. Rephrase that for me.

Andy: I agree. I agree with you. I think you're right. There we go.

Ramit Sethi: There you go.

Andy: Start changing from the negative words.

Ramit Sethi: Very good. I appreciate that. That's a big step. So, thank you for that. And I believe that you do want to feel good about your money. Kate, how would you describe your joint financial situation?

Kate: Well, right now, there is no joint situation. We don't have anything together. And I would say that is something that bothers me. Andy knows this.

Ramit Sethi: Why?

Kate: I don't feel like we are working as a team when it comes to money. We say that a lot to each other, just in the other aspects of our life, when someone's having a rough time at work, or something's going on with family, or whatever it is, it's like, we're a team, we're in this together, and I think money is the main and only really place that I don't feel like that's true.

Ramit Sethi: And if you were working together on a team financially, what would that look like specifically?

Kate: Specifically, I think that would mean that we decided amongst each other how we were going to spend our money. I think I spend my money a certain way and he spends or doesn't spend his money other ways. And so, it would be deciding what we choose or prioritize to spend money on. I think it would look like us collectively saving money for shared things, whether that's updates we want to make to this house, whether that's a vacation that we want to go on, whether that's our wedding, the future of our children. I think right now, it's sort of like, we'll figure it out very much so, but there's not a lot of planning or sort of like purposeful, meaningful discussion or teamwork happening about it.

Ramit Sethi: Okay. Got it. So, what's the problem with that? I mean, you guys made it this far, and you're about to get married, what's the problem keeping on doing what you're doing?

Andy: I know it makes Kate feel uncomfortable, and I care about her and love her, and I want to see that I know it matters to her, so something matters to her matters to me. And so, I want to build in the way that she wants to build and be intentional about it.

Kate: I see how much it affects Andy, and I think that he and I miss out on shared experiences because of that. I think, for example, that we've never taken any sort of extravagant vacation together, because the cost associated with that was anxiety-inducing and stressful, or not going super fancy date nights in New York when we lived there, or going out to shows, or sort of do those things that I think we both acknowledge we would enjoy or spend time doing, but we don't, because I know that it's an anxiety-inducing thing.

I also think we're in this sort of new place in our life of this house, and planning a wedding, and knowing we want kids. And so, it feels like almost a flip switch, where it's like, okay, now is this moment where it's time to prioritize this. I used to use New York's expensive as my excuse to not deal with money, I don't live there anymore, so the joke's on me. Like now, I have to kind of figure it out, and I think it's more so

like, I have a good job, I have great friends, I love my partner and want to spend my life with him, so like this is sort of the next thing.

Ramit Sethi: Mm-hmm. I meet a lot of people who have some kind of money problem, and they love to talk about it. They revel in talking about it. It energizes them. But as soon as you ask them what they want to do to fix it, they shut down. These people are what I call problem-aware. They're aware of their problem. Many of them are addicted to talking about their problem. I want to know if Andy thinks this describes him or if he might be solution-aware, people who are looking for an answer, a way to change a solution. Where would you say you fall on that spectrum, Andy?

Andy: I'd like to say I'm solution-aware, and that's why I'm here with you and being part of this podcast.

Ramit Sethi: Why don't you just say it then?

Andy: I'm solution-aware.

Ramit Sethi: There we go. Okay. Great. You don't need permission for me to tell you who you are. You get to decide who you are. If you're solution-aware, all you need to do is just say, I'm solution-aware. Boom. That's it. I'll take you at your word, I believe you are solution-aware, and that makes my job a lot easier. So, Andy, you feel like you don't contribute because Kate is here bringing in approximately three times what you're bringing in. And so, so far, the solution that you've taken has been, you just keep your finances separate. Okay. But from what I'm hearing today, Kate, you feel you want to bring it together. Andy, you're on board, at least conceptually, because you care about Kate, you're considerate about her feelings. Am I reading all that right?

Andy: Yeah. And I guess the one thing I would just add as a caveat is that I honestly feel like I don't or I wasn't necessarily contributing, I feel like in her idea of moving forward of like having a joint bank account, I was going to be afraid that I wasn't going to be contributing enough.

Ramit Sethi: Why don't you just ask Kate how much would be enough? She's right here.

Andy: I think she'd be too kind to like say what she feels.

Ramit Sethi: Well, that's why we're here. We're here to tell the truth. Ask the question.

Andy: What would be contributing enough, Kate?

Ramit Sethi: I would say, now, for me, I think one of the things that I've told him a couple of times is this house is his family's house, so that's a pretty sizable contribution to make to this family that maybe is not a dollar amount in a bank account, but has a lot of contribution to our life, to me, is a major contribution. And then, I think beyond that, the day-to-day, I mean, again, I just want to feel like we're sort of contributing together. If I'm contributing 90% to whatever total we decide and he's contributing 10, I'm cool with that. If we decide it's 50-50, I'm also cool with that. I just want to decide together and both be comfortable with it.

Okay. You two seem to dance around each other a lot. What I was looking for in that last answer, Kate, was something specific. And I don't care what the number is. It's really for you two to decide. But you talked a lot and I didn't hear anything. If anything, you distracted me. You said it could be 90-10, it could be 50-50, whatever he's comfortable with, but Andy's not comfortable with anything. Andy's asking you, he explicitly asked you, what does contribution look like? So, what I would like for you two to do is to dance a little closer. I'd like for one of you to take a risk, and you could do it something like this, you could say, you know what,

Andy, I don't think we've ever talked about money in this specific way, so I'm going to throw out a number that, for me, feels good, but before I throw that number, I want to say that I care about you, and this is just my first number that comes to mind and I'm willing to dance. I'm willing to work with you on this number

so that we both end up feeling good. Are you okay with that, Andy? Andy says, of course, I love you, and then you give a number and your reasoning. We need somebody to take the lead in this. Otherwise, you too are going to dance around this for the rest of your life. Kate, you're nodding your head, why?

Kate: Because I think I've always known that he felt uncomfortable about money, so I never took that leap. Your script is perfect, I should have said all of those things, but it just, I went to, okay, I'm just not even going to approach it, because I know that it's going to be uncomfortable.

Ramit Sethi: Yeah. The two of you are like magnets that are repelling each other. Neither of you wants to get closer on this, but deep inside, both of you do have a yearning to connect on money. So, Kate, take the lead on this.

Kate: Alright. Andy, I love you. And I want to talk about this specifically, and I'm going to throw something out, and it's just the first number, so we can discuss it. I think my initial thought would be 75, I'll contribute, 25, you can contribute, and that is purely just based on salary numbers, and I would hope or want it to perhaps evolve as we sort of establish a little bit more what housing expenses look like or goals that we have for the future if we want to change that, but that's my initial thought.

Andy: Sure. I mean, I'd be very open and happy to do that. I think I have no problem with that as long as you feel comfortable with that. Again, I said before that I don't want any resentment to build up, and I don't think you will, because you're the one who's creating these terms, which I hope you're comfortable with, and I'm happy to do that.

Ramit Sethi: Pause right there. You're both doing great. Kate, did you notice what Andy just said? In those last two sentences, he said... oh, both of you know? Okay, go ahead, Kate. Pick up on that.

Kate: Oh, I mean, it was well, if you've suggested this, then we'll just do it. There was no counter, no other recommendation or reason.

Ramit Sethi: So, tell him what you want. Yes, you correctly identified it. Now, tell him what you want in a dance partner. Do you always want to be the leader?

Kate: No.

Ramit Sethi: Tell him what you want.

Andy: 5%.

Kate: I just want you to also think about it, and think about what you would feel comfortable with, and knowing that it's on the table to discuss any time we want.

Andy: Yeah. No, I feel completely comfortable with that. I think you're being very fair and reasonable. I wouldn't want you to have to necessarily pay more. It's a lot of your paycheck goes into that, so would I be able to step up and contribute more if I needed to? I think you're a better planner than I am in general, so if this is the plan you're going with, I'm down with it.

Ramit Sethi: Okay. There's something really interesting happening here. Things seem to be going well, a little too well. And I want to share an example, so you know what I mean. Have you ever planned a trip for a group of friends, and you asked people, you sent out a little email, and you go, hey, guys, I'm thinking of this trip, what would you guys want to do? And everybody writes back, OMG, that sounds so awesome, hey, listen, whatever you think is good with me, I'm easy. I'm easy. I fucking hate that phrase. I'm easy. Okay. Cool.

Then, I'll plan it. So then, you take these four, six, eight people on a trip, and they get there, and the first thing they do is they sit down at the breakfast, I don't like Kiwi, and then the next person goes, oh, my

God, we have to go to a museum today, I don't like museums, then the other person says, oh, I don't want to go to a club tonight, oh, and you're sitting there, your knuckles are clenched. You're about to choke yourself out. You go, I thought you said you're easy. The problem here is that they didn't put any skin in the game, and if it seems like I speak from personal experience, that is 100% correct.

I have learned that when you plan a trip for people, everybody's got to have some skin in the game and the skin in the game could be money, but it also should be something like you're responsible for breakfast, or you're responsible for planning what we do on Tuesday between 2:00 to 4:00 PM, anything. Because if you don't, it's human nature that they're going to sit back, cross their arms, and complain. By contrast, if they had any part in planning, if they had some skin in the game, they're going to appreciate all of the details.

Okay. It doesn't mean everything's going to be like heaven, but they're going to know how much work went into the entire trip. This story is not simply about planning a trip for your friends, it's about life. The people around you, if you want to do something together, everybody needs to have some skin in the game. It could be for parents. If you're deciding on where to go on vacation or where to go for dinner, you may want to involve children if you expect them to behave. It could be the same at work.

Listen, I'm the CEO of my own business. I have to get buy-in from everybody. It's important if I want the entire business to get behind it. So, these are examples where the skin in the game matters. You're not seeing skin in the game as Andy and Kate are talking to each other. Andy may agree with everything Kate suggests here, but I need him to put some skin in the game. I need him to create at least one rule himself. That way, he's not just doing what Kate said. That will be a recipe for resentment.

So, I want him to take charge of at least part of this agreement so that it's what he and Kate have agreed to, not just what Kate came up with, and he said okay. I want you to change at least one thing Kate said. I don't care if you fiddle with a number, a percentage, or you have some term, or you tell her, I insist that I get new shoes or I go to an Italian restaurant, I don't care. What I want is for you to speak up and tell Kate what you need in this relationship financially. Say it explicitly in one sentence, because Kate needs to hear it.

Andy: Whatever money that we do save together in that setup that you were talking about before, I think whatever's yearly 10% of that should go to some sort of trip or fun activity for us, and we should be mindful of using that money towards that, and not just things that are expense-related.

Ramit Sethi: Kate, how are you feeling about this so far?

Kate: I feel good.

Andy: Okay. You could counter with 20.

Ramit Sethi: No. I like where you're going, Andy. I'm going to push you a little further. 10%, I like it. It's an aggressive number, but okay. I like it. What I want to know is where you want to go in your first year. You have to pick the place. Pick it right now.

Andy: We're going to Argentina. Let's do it.

Ramit Sethi: I love it. Where'd that come from?

Andy: I've always kind of wanted to go. I know her stepdad is actually from there. I've always kind of wanted to go.

Ramit Sethi: Kate, what do you think about this?

Kate: I'm down. I would love to go to Argentina, and I also just want us, I'm excited about the prospect of us planning a trip together and not being stressed about how we're going to pay for it.

Andy: Yeah.

Ramit Sethi: Exactly. You're not going to be stressed. You already picked the numbers, so you already know your budget. And by the way, you two were very, very smart. You picked your numbers based on your salary, not on distributions and bonuses, which may or may not happen. You picked it on a straight salary, so you can mathematically calculate right now exactly how much that's going to be. And you know, oh, my gosh, we have 3,500 bucks or 6,000 bucks, whatever the number is, for this trip.

No need to worry, we know exactly how much we've got and we've got more than enough. What I just heard was you two getting much closer, there is a bit of a negotiation. I love that, both of you, feet in, totally engaged. Well, I hear you on that, but I also think we should think about this, that's a financial discussion. That's a really rich discussion. Okay. Normally, I'd be starting to wrap things up, and I'd be telling you, that you should visit the best website in the world, iwt.com, maybe you should check me out on Instagram @Ramit.

But there's still something we have not covered yet, and that is, Andy has a \$1.1 million trust fund, and that adds a beautiful layer of complexity to his financial situation with Kate. And I want them to address it now because once Andy gains full control of his trust, which happens in a couple of years, their financial situation is going to be completely different. I assume when you get that money, you don't know what to do with it. Is that accurate?

Andy: I mean, again, it's all in mutual funds right now, but I wouldn't know what to do with it beyond it just sitting in those mutual funds, per se.

Ramit Sethi: Yeah. Okay.

Andy: There's a financial adviser that kind of controls all those things, let's put it that way.

Ramit Sethi: I bet there is. Okay. So, I bet that the financial adviser is being paid a very fat 1.25% fee.

Andy: Yeah, he takes a nice amount of money. Yeah.

Ramit Sethi: That's going to change. I'll tell you that right now.

Andy: Okay.

Ramit Sethi: Okay. Quick sidebar, because I need to explain this comment that I just glazed over. A lot of people think that a 1% fee that they're paying their financial advisor is not that much. Let me explain some surprising things that I almost certainly guarantee you do not know. So, some people use financial advisers, and many of those advisors charge a percentage-based fee. It's often 1%. It used to be 2%. And you say to yourself, 1%, that's not that much. Maybe I have 50k or let's just 100K for easy math. Well, they're only taking a thousand bucks a year. No big deal. If you do the math throughout your lifetime, a 1% fee means that you will pay approximately 28% of your returns to your advisor. If you're paying two percent in fees, you will pay over 50% of your returns to advisers.

I know. The math is not intuitive. I cover it in my book, I Will Teach You To Be Rich. So, you have a lot of options. First off, you can get my book, and learn how to do this yourself, it's not that hard, or if you want the help of an advisor, that's fine, I'm not categorically against him. I am against paying AUM or percentage-based fees. If you want to pay 500 bucks an hour, great. You'd be way better off paying \$500 an hour instead of a 1% AUM fee.

Now, I'm going to suggest something. It's a little dark and vindictive, but you're listening to me, so I'm just going to tell you. Call up your parents, and say, Mom, Dad, I know you work with this adviser, any idea how much you're paying in fees? Now, they're going to get very uncomfortable, because deep down, they know that they're overpaying, but they like this guy, because it's their uncle's friend, he's got a nice mustache, and he sends them a card on Christmas, well, I don't know, but he's so nice and his kids are so nice.

Ah, you go, Mom, just find out how much you're paying in fees. Now, when you find out, be careful. The point of this story is not to psychologically destroy and eviscerate your parents, it's simply so that you

know how much they've paid throughout their lifetime, probably because they were trying to do their best, and that's what they knew at the time.

And more importantly, so that you can make the decision not to pay the same type of fees that they have. 1% fees, in my opinion, are unconscionable, you should not be paying them. On top of that, these advisors who charge 1% fees are typically selling you bullshit investments like whole life insurance, and they are making money from offering you substandard services. I don't want that for you. I cover more in my book. Take control of your money.

So, Andy, you can go the rest of your life worrying about if you're going to have enough to eat and get your shoes, and all that stuff, but I ran a quick calculation myself. How much do you think you're going to have by the time you turn 65 if you just do nothing? You don't even save—well, the two of you together, you save like 10 grand a year, which, by the way, you can easily do on a \$200,000 salary. How much do you think you'll have?

Andy: Oh, you're talking to the guy who's bad with money. I don't know. 500,000. I don't know. That's the number I'm throwing out there.

Ramit Sethi: Okay. Thank you. Don't worry. I'm not going to judge you for your math skills.

Andy: Okay. Well, I meant like, are we talking about like with the money I already have now? Like when you're talking about like how much money we have, are you talking about just the money that we've saved over those years?

Ramit Sethi: No, I'm talking about everything, the trust.

Andy: Well, no, I don't know, at that point, we'll just go two million, we'll double it, why not? Twice as old as I am right now, let's double it.

Ramit Sethi: Okay. So, the answer is over \$8.5 million. I'm calculating you taking \$1 million and investing it for 30 years at a very simple 7% return rate and adding \$10,000 a year, which is extremely conservative for the two of you, you could probably triple that, and you'll have \$8.6 million.

Andy: I think it sounds great, I think I have no idea how to do that. You're like, a very simple 7%, and I was like, really, 7% simple? I had no idea.

Ramit Sethi: Well, that part is easy. Listen, you know what's hard about this discussion? The easy part is 7%. You can find that in chapter seven of my book, it will take you five seconds to find it. The book is at the library. I know Kate's read it, but Andy, this is your involvement in the dance as well.

Andy: Yeah, solution-oriented.

Ramit Sethi: That's exactly right. The hard part of this is changing your psychology to recognize that you're going to have over \$8.5 million. And if the two of you contribute 30K a year instead of 10K, which is easy because your incomes are going up, you're both very young, you'll have over \$10.5 million. What do you want to do? Do you want to turn 65, have \$10 fucking million, and still be worrying about eating dessert?

Andy: No, we're good with that.

Ramit Sethi: When do you get to stop worrying, Andy?

Andy: I have no idea. I mean, I'm not saying there's a number.

Ramit Sethi: Nobody can tell me, except you. You're the only person who knows the answer.

Andy: I mean, again, I think this is the first step for that happening with me not worrying, is, again, going toward solutions.

Ramit Sethi: Yes, love that answer. So, it's not a number, is that what you're telling me?

Andy: Yeah, I don't think it's the number, per se.

Ramit Sethi: Great answer. It's not a number, because you already have a ton of money. You're fucking rich.

Andy: Yeah.

Ramit Sethi: You have a ton of money. You have a free house.

Andy: Yeah.

Ramit Sethi: It's not a number. That is very insightful. I think you're right. Do you know what the missing piece for both of you is?

Andy: Going after what we love, I don't know.

Ramit Sethi: Yeah.

Kate: I love to spend money on a great meal out, get cocktails, get dessert, get whatever entree I want, and have it be like an experience of an evening. Okay. This is why I want to go back to Four Charles in West Village, I had an amazing meal there for a birthday a few years ago, and I would like to recreate that, and get an old-fashioned, filet mignon on the bone, and all the sides, and the chocolate crumb cake thing that we had for dessert. And there's like only eight tables there. It's very atmospheric. The service was incredible. And that was a meal that I wanted to try to have before I left New York, and it didn't happen, but I still think about it.

Ramit Sethi: So, there's meaning to it.

Kate: Yeah.

Ramit Sethi: Okay. Who's going with you on this meal?

Kate: I want Andy to come. He loves steak just as much as I do.

Ramit Sethi: Fantastic.

Kate: For me, it's going in and out. Did you ask me? Yes, please.

Ramit Sethi: Of course, she said you, Andy. You're number one.

Andy: There we go.

Kate: I said you.

Ramit Sethi: So, that sounds like a visceral, beautiful vision you have, and my favorite part is that it has a real meaning to you. It was the place you were going to go before you left New York, but you weren't able to do it. So, I really, really love that. Do you see the difference between this whole hypothetical, theoretical thing you started with? I like this, and I would kind of like this reservation app, it's all words, but

then Four Charles and getting the filet mignon, that is something we can both smell right now. Do you see the difference?

Kate: Yeah.

Ramit Sethi: Your rich life is rich because of the details within it. That is why I push you both for the details. Nobody cares about theory. You don't even care about theory. You care about going back to that restaurant. And when you walk in, you have your reservation and you've already planned. You have more than enough money to cover the two of you and you leave a fat tip. How are you going to feel walking out of that meal in the West Village?

Kate: It's going to feel great.

Ramit Sethi: It's going to feel amazing. You two earned it. Fantastic.

Andy: I love to build things. Right now, we have this house. We've got a back room. I'd love to change it into a workout room. I know Kate's there on board. I see mirrors, I see a bench, I see a treadmill, possibly a TV also up there. I know maybe she wants a Peloton. We'll see. Maybe some mats on the floors. On the side, we've got some cubbies that's like a mud room. Let's do it. Like I want to do that.

Ramit Sethi: This is fucking sweet.

Andy: This is what I want to do.

Ramit Sethi: Where did this come from? This is crazy.

Andy: We've discussed it a little bit, but like I have a vision in my mind, I don't know if it's okay, I know Kate probably does inside vision, but like I want to make that happen. And I want to be part of it, I don't want to just pay somebody, I want to build part of it at least.

Ramit Sethi: Oh, wow. Do you want to do some of this stuff?

Andy: Yeah, man.

Ramit Sethi: Okay. So, where did—hold on. This is like unbelievable to me. It sounds like you just came alive. Everything you did had an intention behind it, you did not equivocate even once, you have a vision in your mind, I can almost see it. Where did this come from?

Andy: I enjoy doing home improvement stuff. I don't necessarily worry about building, whatever. I have like an art project going on. I don't mind the costs associated with that. So, that's why, in my mind, I was like, okay, if I'm building toward something, if I'm creating something, that is something I like spending money on. So then, in my mind, I was like, even for creating a room. I know I can't build the whole thing, but putting money towards that, it feels like I'm creating the space, in which case, I would feel good about doing that, creating that space. And so, when you were talking about specifics, I was like, alright, well, let's set the room and be intentional about that one space.

Ramit Sethi: What a difference. This shows you that deep down, every one of us has something that we truly love, I call them money dials, but we all have something that we love doing. And it could be as extravagant as traveling around the world. It could be as simple as I want to have a room where I can build things. That's it. I am constantly searching for what people's money dial is. Deep down, we intuitively know it, but we cover it up with all of these hypothetical academic words that we're supposed to use.

You could hear it in Andy's voice. He came alive. His speech pattern even changed. Did you notice that? No doubt. He had no doubts in his voice. He went straight for it. He was intentional. He was assertive. I

loved it. Kate and Andy have gone on quite a journey today, and my favorite part was watching them learn how to dance. Alright. They've been dancing so long, dancing around each other, but being able to give them just a little nudge to move towards each other, for one person to take the lead, and then to be able to hand it off to the other person to be a leader.

Podcast Episode 16: We're worth \$8 million but I comparison shop for strawberries

Synopsis: When Chris shops for food online, he compares the cost of almond milk and strawberries to save a few dollars. He spends hours agonizing over the most economical flight routes. He even stopped and picked up a used stroller from someone's driveway.

Chris and his wife Amy have a net worth of \$8 million.

Their friends call them cheap. They prefer to identify as "money hackers" and have lots of reasons why they behave the way they do. But even with their explanations, they're not happy with how they're using money to live a Rich Life.

Chris and Amy are optimizers. They optimize points and options, a normal part of the tech culture in which they work. There's just one problem: It's making them unhappy!

Imagine a world where Chris and Amy didn't have to put price first. Imagine a scenario where they could start with the kind of magical experience they wanted to create — and use money to make it happen.

As you listen, it's easy to roll your eyes at the amount of money being discussed. Resist that temptation. Amy and Chris have given us a gift by being so open with their finances and their challenges. I love today's episode because it shows you that if you have money issues today, it's very likely you're going to have the same money issues later at a million dollars or 5 million or yes, \$8 million.

Podcast Transcript:

Ramit Sethi: Hi, my name is Ramit Sethi, and my guests this week are Chris and Amy, a young couple who work in tech and have a net worth of \$8 million. They have already won the game of personal finance, and yet they behave in peculiar ways with their money. You're going to hear more about that strawberry story. You're going to hear stories about strollers, and traveling, and very odd ways that they behave compared to the amount of money that they have.

Now, before you go on, it would be easy for you to roll your eyes and send me a message about how unrelated this is. Resist that temptation. I love today's episode because it shows you that if you have money issues today, it's very likely you're going to have the same money issues later at a million dollars,

or five million, or, yes, \$8 million. Those issues don't magically go away. Chris and Amy, I think Chris and Amy are giving us a gift by talking to me today because most wealthy people won't talk about their money issues publicly, but Chris and Amy will.

They're giving you a crystal ball into your future behavior if you continue doing what you're doing today, saving, investing, and accumulating, you can see one very real possibility of where you might end up. Chris, can you think of the last time that you spent more than an hour making a financial decision?

Chris: Like this morning. Like literally this morning.

Ramit Sethi: What was it?

Chris: We're planning a trip, and we're trying to book flights, and we're optimizing to a degree that many would think was crazy. And we're thinking about, which hotel to stay at. Which flight do we take? Do we leave early? Do we change which island we want to go to because it's cheaper to fly to this other one? And I don't know. We probably, combined, spent-

Amy: Too long.

Chris: Like five, six more hours in the last 24 hours,

Ramit Sethi: Five or six hours together on the last day.

Chris: Yeah.

Ramit Sethi: Oh, one thing I forgot to mention, Chris and Amy have a combined income of about \$600,000 per year. That's in addition to their net worth of \$8 million. Now, I'm sure I don't have to tell you that it is not worth their time to sweat the small stuff like this, and they know it, too, but money psychology runs deeper than basic logic. Alright, you've got to explain it to me, Chris. Tell me what's going on here.

Chris: I love the feeling of getting the best optimization, and we've been fortunate to rack up millions of miles, upgrade certificates, and like figure out how to play the system. I proposed to Amy and I said, hey, if we want to make this easy, we could just buy flights in business class. And she's like, how much is it? I was like, I don't know, it's like \$6,000 a person.

Amy: I barfed. Having lived with Chris and understanding that there are so many hacks out there in a way that you can do it first class or business class without having to pay cash outright, knowing that that exists makes it challenging to then turn around, and say, I know I can get it somehow cheaper, but I'm just going to pay straight cash. That's not a calculation in my world.

Chris: And just to be clear, I don't know if Amy was ever willing to pay for business class. That never happened.

Amy: That's fair.

Chris: I think it was, didn't know there was a cheaper way to get things, and if that person never learned, it maybe would have made enough money to be able to pay for business class or a nice luxury hotel, fill in the blank.

Ramit Sethi: Well, you do make enough to pay for a nice luxury hotel, right?

Amy: Yeah.

Ramit Sethi: Do you?

Ramit Sethi: I don't want to tell you, you tell me.

Amy: Well, yes, we do.

Ramit Sethi: Just a quick reminder for everybody listening to these \$2,000 hotels being thrown around left and right, it can seem unrelated, extravagant, out of touch. But put it into context, for somebody who makes \$600,000 a year of joint income with an \$8 million net worth, a 2,000-dollar night hotel is the equivalent of a low-end motel. It's important to remember that, very, very important, because our job is not to judge somebody based on our values, or our income, or net worth, it's to take into account their values, their net worth, their money dials in rich life. So, that is why I'm pulling out all the details here, all the juicy details, so we can understand what they want to spend their money on.

Let's find an example where this is not functioning correctly, maybe it's grocery shopping, what is it, where you are spending too much time to save a few dollars, and we can take a different approach.

Amy: Grocery shopping is a great example. He will pull up multiple different delivery sites, and he will compare the cost of almond milk from one site to another. He will order off of two different orders from two different delivery services to get the cheapest groceries that we need from multiple sites, as opposed to just saying, here's our grocery delivery site. We will go through it. We will get what we need, put it in the car, check out, and off you go.

Chris: In the most recent example. I was like, I've been pretty happy with Amazon Fresh, right? And then, I was getting some frozen organic strawberries that I remembered from Whole Foods are like 7.99 and they're like \$15. And I was just like, I can't do it. I cannot pay \$15. It's crazy. Like that is \$7. But like if I just got the, I don't even know, it's just like, I can't bring myself to pay two times the price for the same thing.

Ramit Sethi: You know what I love about this example is that we're all kind of laughing, but I think it's the perfect training wheels example. I think it's perfect, because here we are, we could sit here and talk about it, \$2,000 a night hotel room, but going from where you are today to that is a big, big jump. You are right, Chris. \$15 for strawberries is crazy, I agree with you, and yet you should probably order them. Why do you think I'm telling you that?

Chris: If I were talking to a clone of myself, I'd probably tell them the same thing.

Ramit Sethi: Why?

Chris: I could give you the financial reason that the cost to open up another card and pay another delivery fee probably doesn't even make it worth it, but let's assume for a second that it was worth it, it's just not worth the time. But it's hard, at least for me, to inherently value your time as much as your salary divided by your hours worked justifies.

Ramit Sethi: Yeah. You're exactly right. That is academic language. It sounds correct. It's technically correct, but it never changed anybody's behavior. The correct answer is to say, what kind of person and couple do I want to be? I will never, ever, again, be the type of person who's comparison shopping for X, Y, Z. It's not in my identity anymore. Part of your identity is optimizing for \$7. What if you could just change that?

What would it be like to rewrite that part of your identity? Maybe you're too important to be looking at the price of strawberries. This is a big, big point. So much of what we do in our lives is driven by our identity. What's your identity? Here's mine. I'm a good husband. I'm a good son. I'm Indian. I graduated from Stanford. I'm a CEO and author. I like hot sauce. I'm happy to pay my taxes, and on, and on.

If your identity is, I would never fly business class, then just imagine what happens if you end up with lots of money, you are still going to be bound by that identity. The problem is that identity might not be serving you anymore, and that's what's happening with Chris here. Paul Graham had a great essay where he

talked about keeping your identity small because once you publicly proclaim something, it becomes hard or almost impossible to change it.

This is one of the reasons you hear about these anti-vaxxers who refuse to take a vaccine. It's not that they're carefully reviewing CDC data and having intellectual debates about randomized controlled trials, no, many of them have trouble deciphering a menu from Olive Garden, much less reading CDC data. Now, what's happening is they post it on Facebook about how the government is trying to force something down their throats, and now, they can't change their identity from it.

Even though their friends and family members have died from COVID, they're now essentially locked into an identity that they created for themselves. To admit that they were wrong would mean social death from their entire network. And it would mean a cascading failure of assumptions that they took to be completely and self-evidently true. That's too hard to bear.

So, they go on posting on Facebook, putting themselves and others at risk. I don't agree with them, I think they're morons, but you can understand the mechanics of what's going on here. Now, back to Chris and Amy, one of the ways to get at identity is to ask people what others think about them, and there is no better way to do this than the cheap test, do your friends think you're cheap? Listen.

Chris: I mean, I have to assume yes, but it's not like a common like I have to assume in more jesting ways, but I think people know that we have a nice—it's like I'm not sewing my clothes, and buying them at the thrift store.

Ramit Sethi: I don't think you have to be sewing your clothes to be called cheap.

Amy: I would say our friends have enough class to approach it as you are like the master hacker.

Ramit Sethi: Very cleverly like smart people do, they found a way to put a positive spin on their behavior. We're not cheap, we're master hackers, we're expert deal hunters, and now that defines whether or not they're willing to spend money on things. Like it or not, you have an identity around money. It may be what you think of when you think of yourself and money. It certainly involves what other people think of when they think of you and money. But for me, the beautiful thing is you can change your identity if you want to.

Amy, I heard you say no way, I'm really curious now about where that instant knowing came from.

Amy: I guess, to your point, it feels frivolous to me. It feels like, am I getting the value for paying that? And what else could I do with that? I mean, we have a 10-month-old at home, so I'm always thinking, well, that could buy her X years of swim class or months of swim class. I could buy her a new running stroller, which would be great as we get into running, I don't know, right? It's like all of these things. Will I do that? Probably not.

Ramit Sethi: Hold on. I just had to say, the running stroller example, that seemed like it came out of left field.

Chris: Well, we were biking down the street and we saw someone had a running stroller at the end of their driveway with a little free sign on it. And so, I was like, oh, my gosh, we don't have a running stroller, I kind of like to run. And so, I drove back and I picked it up, I brought it home, and I was like, well, it's got a flat tire, and the strap that holds the buckles in place, holds the child in the stroller, which is probably really important for a running stroller, was not there. So, now, I'm shopping for replacement straps on the internet and trying to see if someone on eBay has an old version of the stroller that's broken, but we could get the fabric seat and think about cleaning it off.

Ramit Sethi: I love Chris and Amy. I love how honest they are about their spending issues. Yeah, we're multimillionaires, and he saw a broken stroller on the side of the road and stopped, and had to have it. Like what other couple would come on here and be that honest? Chris and Amy make over \$1 million per year if you factor in their income and the growth from their \$8 million portfolio. Okay. Approximately, real estate, blah, blah, blah. Yet, he is chasing broken strollers. Don't roll your eyes.

It's easy to say, haha, how stupid, but almost all of us do this on a smaller level. We develop an identity for ourselves, and when we make money, we don't adjust our mental model of what normal is. So, you end up with these martyrs who complain about how little time they have. But when you suggest spending 20 bucks to get their groceries delivered or maybe hiring someone to clean their place, they go, oh, my god, no way, why would I pay someone? I can do that myself. Yes, you could, but you probably shouldn't. As Jim Rohn said, the more successful I became, the less I was able to afford.

He means that he couldn't afford to mow his lawn, because his time was better spent with his family. Here's another rule that's very relevant for Chris, and that is the more money you make, it becomes more and more okay to waste some of it. What do I mean by that? I mean that in Chris's case, it's probably a good idea to just set a blanket rule that he's always going to get his groceries from one place.

And if occasionally that place has berries that are expensive, even \$15, just get them. Yeah, he's going to waste \$7, but he's got to move up and focus on more important things versus being constantly in the weeds on literally seven or eight-dollar questions. You can't simply tell someone these concepts about money and identity, though. It just sounds like academic jargon. You have to get them to feel it themselves. So, I'm going to gently probe Chris on what his behavior is costing him, and then what it's getting him. Listen to his responses.

Amy: I see Chris do the stroller thing, which to me, that's a hard line that I'm like, you are going too far, this is bananas, it's like beyond sanity, please stop, and let's just go take it back to the lovely yard it came from, and leave it there. We kind of like lightheartedly engage and challenge each other a bit. But at the end of the day, we still have the stroller and it's still sitting in our garage, and I'm pretty sure Chris is still looking for the missing parts.

Ramit Sethi: Chris, is that true?

Chris: I found the missing parts for \$100, but now, I'm convinced that there's a way to do it for like \$40.

Ramit Sethi: One of these days, I'm going to see you out both running, there's going to be a wheel falling off, and you'll say, no, no, no, it's fine, I got another one on order on eBay. So, what I love hearing is there's a lightheartedness about this, and that's good. What is this kind of behavior costing both of you?

Chris: Time.

Amy: It's a massive time suck. If I'm being completely honest, maybe a little bit of happiness just because we're not spending our time the way we want, right?

Ramit Sethi: We talked about what it's costing you, I'm curious what your behavior is getting you. What does it get you?

Chris: More money.

Ramit Sethi: What else?

Chris: I mean, there's like a real probably messed up the satisfaction of being like, I know I spent so long, but I got this thing that everyone else has to pay for and I got it for less.

Ramit Sethi: Now, we're starting to get there. It's relatively easy for people to admit what their behavior is costing them. Amy and Chris know that it's wasting time and it's causing them stress. Fine. Easy. It's much harder for people to understand what their behavior is getting them. Why are they doing it? What's it getting you? It's harder for people to admit this, because deep down, sometimes, the truth is uncomfortable.

Some of us behave in peculiar ways because we're lonely, we want attention, we want to feel superior to others, or maybe we want to distract ourselves from a painful reality inside. That doesn't feel good to say, so we paper over these uncomfortable truths with a lot of apologizing. I know, I shouldn't do this, and we

use academic jargon like I should quantify that, and it's clearly not an ROI-positive use of time, but the truth is often much less logical and much, much deeper.

Chris: Amy said it right when I think like, therefore we won, we got the like amazing thing and we didn't have to pay for it.

Ramit Sethi: Yeah. And what about the person who stayed at that original hotel and paid \$2,000 a night?

Chris: They did not win.

Ramit Sethi: What did they do then?

Amy: Well, I've never thought about it like this, but they also won, because they are staying at an amazing hotel, and they're getting the exact experience they want, and they did not spend significant time trying to find an alternative, because time is value. So, I guess we both win in a different regard, but I would argue, we lost, in that we spent more time than the win. The feeling of the win is worth it to me.

Chris: But when I think about the win, I'm like, well, if we'd gone on to that hotel and we went on a weeklong trip, there's \$14,000. And if we optimized it, and used all the deals, points, and everything, we'd have a similar experience and spend \$3,000.

Ramit Sethi: When do you get to have the exact experience that you want? You have \$8 million of net worth.

Amy: I laugh about this, but like there's a harsh reality here, which is we're so caught up in playing the game now that I don't see an end in sight. I don't know how it ends.

Ramit Sethi: When do you get to choose what you want without price being a consideration?

Chris: That one seems like a never.

Ramit Sethi: One of my favorite things to do is to read forums where ultra-high-net-worth people share their fucking delusional philosophies on money. I'm obsessed with this one mommy forum, it's called DC Urban Mom, and there's a discussion thread where someone who has \$30 million says they can't afford to fly private, not even once. They said, maybe when we have \$100 million, it's fucking \$25,000 to fly private.

I don't even care if you fly private, but you do not need \$100 million to spend \$25,000. The same forum has other threads, where someone making \$250,000 a year says, they can't go on vacation. What world am I living in? By the way, please don't write me, saying, Ramit, 250K isn't a lot of money if you live in one of these. I lived in all those cities. I know what you can do with \$250,000.

I have zero problems if you don't want to go on vacation, but I have a real problem when people use money as an excuse for not doing things that they can easily afford, things that they claim they want to do. I asked Chris, when do you get to make decisions without price being a consideration? His response was never. He has a net worth of \$8 million.

What is happening right now? You can see why I say people's feelings about how they are doing financially are highly uncorrelated with their actual financial status. Chris and Amy could have another \$20 million, but they will feel the same way unless they make it a priority to change their relationship with money. Everything you talk about in terms of value is focused on functionality. Do you know that you both have so much money you don't have to justify purchasing anything for anyone ever?

Chris: Except to each other.

Amy: Yeah, right.

Ramit Sethi: Exactly, right? And there's the problem.

Amy: That's the problem.

Ramit Sethi: That's the challenge, yes. But I hear the language used, and it's words like value, which is a good word, but I wonder if there's something in your life for each of you that you buy just because you want it.

Chris: That cost more than \$5?

Ramit Sethi: Costs more than \$500.

Amy: So, I surprisingly did make a purchase that was over \$500, and I love fashion, I love shoes, there are certain things that I can just justify paying money on because they bring me real happiness. There was a pair of shoes, a pair of sneakers that I was looking at, and Chris, I told him, because we have this rule that if either of us want to go and spend, what is it? Over \$200, we have to check in and just make sure that it's good.

So, I take this to Chris, and I say, hey, I love these shoes, I'd like to buy them. And he was like, are you serious? He's like, it's for shoes, those won't last long. And I said, okay. He said, can you get them for sale somewhere? And I said, look, boy, I've tried everything I can, they don't go on sale, and no, you're not going to find any discount codes. So, I think I let them sit, and we had this back and forth for the better part of almost a year.

My breaking point was, so they're easy on-and-off shoes. My breaking point was, I was super pregnant, I was having to bend over, and tie my stupid shoes, and I was like, I'm not doing this anymore. They are shoes that I want. They go with everything, they're super functional, they're super versatile, they're really cute, and I'm not doing this anymore, Chris. So, guess what? Mama just went about the shoes, and I felt really happy, and I wear them all the time.

Ramit Sethi: I love that example. I also love that you kind of offhandedly threw in a couple of functional things, such as slip-on shoes, how long are they going to last? Yeah, okay, fine. But ultimately, the bottom line, you just wanted them, and you got them. And by the way, the X hundred dollars you spent on these shoes, will it change your life in any way whatsoever?

Amy: No.

Ramit Sethi: It has a zero percent change in your life. Two years from now, if you look at your finances, you will never, ever, ever be able to find that number, ever. It won't even be a decimal place.

Amy: Correct.

Ramit Sethi: Okay.

Chris: A frequent thing that I hear is, don't get me so excited about something, and then we have to have the conversation again, so like come back when like there's a thing that I can get excited about that we also will do, and that doesn't mean that you're comfortable spending on, that means like, come back to me when we have like the optimized version of this that I know we'll both say yes to, because I'm like, hey, Italy was so amazing, we should do this.

Ramit Sethi: For 95% of people listening, you're like, what the hell is Chris talking about? An optimized version, what are we talking about here? And I wanted to show you this because different types of people have different types of language. I remember one of my friends and I used to host a dinner series in New York, and every month or two, we would have six people out for dinner and we would invite a lot of diverse groups of people.

And I remember one night, for whatever reason, we had a self-development table, lots of people from coaching, et cetera. And they were using these words and phrases like, hold the space. And at one point, I kind of mentioned, that most people don't know what that means, hold the space, live your truth. That's not common parlance. And the table went completely silent. He looked at me like I was nuts. What do you mean, people don't know what, hold the space is? I go, this is not a phrase that normal people use. And they were a little bit insulted. Okay. What do you mean, normal people? Why? Because everyone in their world had that worldview.

They use the same language, the same concepts, and frameworks. Chris, in tech, uses words and worldviews that other people in tech use, and so does Amy. That's the world that they're living in. And so, they're reinforcing each other with these phrases, and these frameworks, and worldviews. One of those worldviews is that we need to optimize. This is super, super tech. Tech people love to optimize.

Sometimes, I just want to say, please shut up, I don't want to hear anything about optimizing anything anymore, just stop.

Sometimes, you can over-optimize. Sometimes, you don't need to optimize at all. Do you optimize when you give your mom or dad a hug? No. Sometimes, you just do something, because it's good, it's the right thing to do. So, one of the things that I can do when I work with people is to kind of gently nudge them out of this worldview that they think everybody else sees. For example, with Chris Namie, maybe we don't need to optimize all the time, maybe we can just get a pair of shoes because we want it.

Amy: Yeah. I mean, he pitched me on Italy and he got me so excited about it, and then he came back, and said, Greece is supposed to be very comparable, the weather's slightly better, and by the way, it's much cheaper. And so, suddenly, we pivoted to Greece, which I fully support. But now, I've gone so deep down the Italy train that I have to reorient myself around Greece, which I haven't done as much research around, and I just don't have the same elements to get super excited about in me yet.

Ramit Sethi: So, the two of you are optimizers, and you get into an optimization loop, where each of you optimizes, and then, well, come back and let me know about this. But what you don't truly internalize is that this optimization is not making you happy. What kind of couple do the two of you want to be? How would you describe, in a few words, what kind of couple the two of you want to be?

Amy: Honestly, I love us. Like I love our relationship. I love the couple we are. I think like we have a good banter. I think we make each other laugh. We're both very responsible, respectful, and receptive to each other's needs, so I feel really happy. I think the financial bit, though, is a challenge, and that financially, I would say we are doing well and we don't have the burden of having to stress about how we pay for things, how do we cover bills? But we are completely irrational in trying to find a deal. And for me, what I would like to see different moving forward is us still being ultra responsible with how we spend, but in a way that drives happiness and meaning as opposed to everything having to be like the wind, because it was a better deal for us. So, if we can remove that bit-

Chris: In a few words.

Amy: I don't know how to summarize that.

Chris: No, I mean, I think. I think we're like a fun, goofy couple that loves to travel, explore the world, and do fun stuff. I want to maximize the experience of life.

Amy: Yeah.

Ramit Sethi: Oh, I love that.

Amy: Yeah, me too.

Ramit Sethi: You want to maximize the experience of life, what does that mean, Chris?

Chris: It's just when you're—like in every opportunity to do something, make it the most. And that doesn't always mean, going to a place and doing everything there, right? The experience of life could be letting yourself unwind and go nowhere. We might just go to the hotel for two days and do nothing. And like for that part of the time, that's maximum, but the next day, we might go on a food tour, we might make sure we meet a local and go around and see things.

Ramit Sethi: I love the vision and I can tell it excites both of you. I also think that we all can agree that the way you are treating your money is not honoring that vision. Is that fair to say?

Chris: If you assume that we want to continue this vision forever, obviously, for as long as we live, and you irrationally assume that like we could spend all of our money and run out, like then you could—like I think that's what like always goes through my head.

Ramit Sethi: You cannot run out of money.

Chris: I don't think that's true.

Ramit Sethi: Yeah, it's true.

Amy: Compounding interest.

Ramit Sethi: You are so far down the frugality, border, not borderline, cheap world, that you can't run out of money. Not to mention that your money continues to compound, and just in a few years, you'll have close to \$40 million, and more, and more, and more. At that point, it becomes almost financially impossible to spend it all. So, yes, if you were a very irresponsible new athlete with this kind of money, of course, you could go bankrupt. But the two of you, do you think either of you will ever let that happen?

Amy: No.

Chris: I don't think we'd let it happen, but I think we pride ourselves on not having played the Keep It Up With the Joneses game. And so, maybe there's some hidden fear that like, oh well, you buy one pair of \$500 shoes, now, you have 50 pairs, and now—

Ramit Sethi: Chris, it's not a hidden fear. It's out in the open like all of us can see it and hear it. It's not hidden at all. You took a stroller on somebody's driveway, and now, you're going to go put it back. It's not hidden. So, let's kind of reorient the way that we think about money. You have played for so long, defense, you've played not to lose, that it's becoming very difficult for you both now to play to win. And so, what I would love to see is you mentally turning the page on your relationship from chapter one to chapter two of your lives. Chapter one was about safety, emergency funds, accumulation, worrying about risk, and all these calculators that you do all the time. But then, you won, and you won early in life. And you worked hard. It's not like it was just given to you. You both worked hard. And so, you get the privilege, but also the burden of the opportunity of turning the page to chapter two, and saying, oh, my gosh, we won.

Now, what do we do with the rest of our lives? And this is hard because it means you have to relook at everything. I asked my trainer a long time ago, I was kind of stuck on doing pull-ups. And I said, how do I do more pull-ups? Like what's the alternative? And he thought for a second, you what he said? He said, if you want to do more pull-ups, do more pull-ups. And so, sometimes, the way to change the way you feel is to start by changing your behavior. So, if you were to change your behavior with these groceries, Chris, what would that look like?

Chris: It would just be committing in advance. I am just going to go to this place, and buy everything, and not look anywhere else.

Ramit Sethi: I agree. You have to get out of these three-dollar questions, and in your case, get into the \$300,000 questions. For Chris and Amy, because of their considerable net worth and their annual income, a \$ 2,000-a-night hotel is a three-dollar question. That's not something they should be thinking about. Instead, they should be asking 300,000-dollar questions or even questions that aren't even about money itself.

They should be saying, what kind of trip do we want to take? What kind of experience do we want to create for our family? What kind of memories? And so, when you listen to this, I know it can be tempting to hear some of these big numbers \$2,000 a night, must be nice, I wish I could spend that kind of money, other people are starving, but I'm intentionally showing you this episode, because I want you to know that at every different level of personal finance, we all have three-dollar questions that we obsess over.

It might be buying pre-cut vegetables for you that cost \$3, or you might have such a high net worth that buying a car is a three-dollar question to you. The principle stands regardless of the exact numbers. Now, let's get back to how Chris and Amy should be approaching their travel. Can I foresee a future where you simply write an email and delegate it to your luxury travel adviser who simply makes it happen, and you will not be involved in the mechanics at all? At your net worth. and certainly, at your net worth in about X number of years, you should not be looking at united.com.

So, let's do a couple of things that are very tactical for you right now. First of all, I usually do something called the 100-dollar rich life challenge, but the two of you are too successful to do a 100-dollar challenge, so we're going to up the stakes. Okay. The way that it works is I give them a challenge to spend \$100 on something that they love, and it's not for their kids, and it's not for their dog. It's got to be for you. Now, I want to ask you, since I tell the average person to do the 100-dollar challenge, what should the number be for the two of you individually?

Chris: Has to be over \$200, because that's our threshold, where it's like spending it without even talking about it.

Amy: I was thinking 500 to a thousand. Chris is probably wanting to throw up right now, as I say that. No.

Ramit Sethi: Hold on. Let's rewrite that habit that both of you have, which is to anticipate that the other person is going to be averse to it. You've done this multiple times, both of you. Let's rewrite that out of existence today. Okay. Just like Chris did, make your pitch for your number and create some magic here.

Amy: Well, I think we should target \$1,000. I'm trying to position it in a way that doesn't play defensively, and I find myself catching myself going in that direction. I think \$1,000 is unique, in that it opens up a variety of new purchasing opportunities that we typically wouldn't necessarily assess on a whim, and it allows us to be very creative and adventurous around how you can use that money. Like what kind of experience could you get for \$1,000? Is it material? Is it a class? Is it like a full experience? Is it like the photographs that come with it? Like what could you get for \$1,000?

Ramit Sethi: Okay. Thank you, Amy.

Chris: Yeah. So, in my mind, I was thinking of raising, I see your thousand, and I raise you to 5,000.

Amy: Unexpected, but I like it. Okay.

Chris: It's a challenge now because there are so many things that you could buy for more than \$100. I'm sure there are so many things you can buy for more than \$5,000, but I have no idea what they would be.

Ramit Sethi: You should know, Chris. This level, you should know. You should not know the price of organic strawberries at two different grocery stores, I'm going to tell you that right now. Okay. Amy, he said \$5,000. Are you comfortable with that?

Amy: I am comfortable with that. My response when I heard him say 5K was pleasantly surprised.

Ramit Sethi: Why?

Amy: I wasn't expecting it.

Chris: I'm still stuck on like, what am I going to spend this money on?

Ramit Sethi: So, that's a great question. Chris, how would you find out the answer to that?

Chris: We would talk about it.

Ramit Sethi: No, but it's you spending 5,000 yourself, and she's going to spend 5,000 on herself.

Chris: Oh, I thought we were spending this together. Oh, man.

Amy: Chris is like, I take it back.

Chris: No, I'm not on board anymore. I'm backing Amy.

Amy: I was like, wow, okay.

Chris: I thought we got to spend it together.

Amy: No.

Chris: Oh, man, my palms are sweaty. I'm like, I don't want to spend \$5,000, I don't need anything.

Ramit Sethi: Of course, you don't need anything. This isn't about the thing you're going to buy. What is it really about?

Amy: Letting go off like retraining and rewiring our brains to be comfortable.

Ramit Sethi: Building the skills and the habits of knowing how to buy something, not optimizing for it. So, you both tell me a number that works for both of you. It's your number, it's not mine.

Chris: What's the time frame for buying this thing?

Ramit Sethi: Forty-eight hours.

Chris: Oh, jeez.

Amy: Wow. Okay.

Ramit Sethi: You guys should know that this back-and-forth went on for about 15 to 20 minutes. This discussion about, is it 500? Is it a thousand? Blah, blah, blah, on, and on, and on. Again, this exemplifies the point that Chris and Amy are focused on three-dollar questions, not 30,000 or 300,000, also, a lot of meta talking about the process. Some couples love to talk about talking, talk about the process, and sometimes, one of the best things you can do is simply stop talking and shift to becoming more decisive. Sometimes, decisions are just not that important. Make it. If something goes wrong, it's reversible, no big deal. For big things, should we have children? That kind of thing, yeah, you should be very, very deliberate. But sometimes, for a little decision, just make it and move on.
I'm still waiting for the number. Decisive.

Amy: 2,500.

Chris: I'm just going to go back to 1,000.

Ramit Sethi: Here's a suggestion. When the two of you differ on a number, whether for traveling, diapers, or car, what if you decide to go with the higher one? What if that was just a basic rule? Opposite of every other couple. But in your case, it would be a simple rule that would help change the dynamics of your conversations.

Chris: But is the number a target, or a ceiling, or a minimum, is it like-

Ramit Sethi: I don't know.

Chris: Yeah.

Ramit Sethi: The point is not to find the technicality, the point is to change your behavior.

Amy: I mean, here's the thing, we're going through this for a reason. We know we want to change. And so, to Ramit's point, we're going to have to feel discomfort for that to become more comfortable over time. And fortunately for us, we have an incredible trip coming up. So, you could think about, what kind of experience you want. Could you want to commit to a specific experience, a rental of some sort, something during the trip that is going to give you an experience that you otherwise wouldn't have? I think there are ample opportunities here, in the here and now, that we wouldn't have if we didn't have this trip coming up if it wasn't in the midst of summer, we didn't have a newer house that we recently moved into. Like there's a lot of options.

Chris: I hear you. I'm just struggling.

Ramit Sethi: You don't need to know how to do it yet, you just need to pick a number.

Chris: Then, we'll go with Amy's 2,500.

Ramit Sethi: Alright, great. Amy, do you agree?

Amy: Yes.

Ramit Sethi: You can afford almost anything. Have you internalized that?

Chris: There's always another level to something that I don't feel would fit into our life plan.

Ramit Sethi: Like private jet? Okay. We're not going to jump there. Fine. But what's the level up or more meaningful from what you currently live?

Chris: We don't have a chef every night of the week, who comes to the house, and cooks for us instead of cooking meals.

Ramit Sethi: Great. Great example. And the chef, by the way, could go anywhere from delivering once a week to...

Chris: This is my thing, by the way, I'm going to spend \$2,500 on someone to cook for us.

Ramit Sethi: Love it. Love it. Look. It can go everywhere from once-a-week delivery to live-in chef. There are so many layers in that one example. Just remember that a year from now, this number will be

completely irrelevant to you. So, write me back in a couple of days, and show me what you spent on. I'd love to see it. I think we've added at least one word to your repertoire today. What word was that?

Amy: Decisive.

Ramit Sethi: Yeah, decisive. Knowing that you have the money, you will have more money, and that your job is not to optimize for cost, but rather to optimize for magic, and magic can sometimes be expensive. Sometimes, it's an extra \$2. Maybe sometimes, it's cheaper. Who cares? But that's where we start. For me, the greatest tragedy is seeing somebody live a life smaller than they have to, and I want you to be living a bigger life, really being intentional about it. That, to me, is truly a rich life.

Amy: That's amazing. I think that resonates deeply, and I feel inspired now.

Ramit Sethi: A couple of nights later, I received a message from Chris. This is all it said, salads, eat your green salad with chickpea croutons and green goddess dressing with avocado and lime dressing. Soups, roasted curry cauliflower. Mains, salmon with chimichurri pork tenderloin. I said, what is this? And he wrote, meals for next week from the chef that's cooking for the week—a big well done to Chris and Amy. Thanks for being so candid.

Podcast Episode 17: I think he should pay for everything because he's the man

Synopsis: Monique is very open with what she wants in a relationship. "I always expected that fairytale love, the guy pays for everything, the guy opens the door, the guy waits to kiss me at the end of the night..."

But her boyfriend, Pablo, disagrees. He feels taken advantage of. He shares the story of Monique ordering a \$10 soup in a restaurant when he wasn't even eating, then both of them staring at the bill to see who would pay for it.

Their beliefs come from their upbringing and very specific personal experiences. For Monique, she believes Pablo should pay because of how she was raised. At one point, she says it's his job to pursue her. Pablo wants to split things "fairly" down the middle, saying he wants a "partner."

Their opposing money lenses lead to awkward exchanges at restaurants when the check arrives. For Monique, him paying for a \$10 soup is symbolic of being “taken care of.” Pablo doesn’t think it’s fair. He says he would prefer she did the “fake check dance” before he steps up to “be the gentleman.”

How many invisible scripts can you spot? What does your reaction to the situation say about your relationship with money?

I walked into this episode pretty confident about what would happen. I was wrong.

Podcast Transcript:

Ramit Sethi: Welcome to the I Will Teach You To Be Rich podcast. I'm Ramit Sethi and today, I'm speaking to Pablo and Monique. Today's episode has different incomes, different ages, gender issues, cultural expectations, and big communication challenges. This is the kind of stuff we all talk about behind closed doors, but we rarely get to hear a real couple talk about it in detail until today. Pablo is 33 years old and he makes \$103,000 per year. Monique is 23 and she makes \$33,000 a year.

They've been dating for five years, but they fundamentally disagree on money. Monique believes Pablo should pay for everything. As she puts it, he's older, he's more established, and it's what she grew up seeing. Pablo feels differently. He feels taken advantage of. And you're going to hear some unbelievable stories today, like that soup story. Now, I walked into this episode with a pretty good idea of what was going on, and all I can tell you is I was seriously wrong. Let's get started. How would you describe your vision of money in a relationship?

Monique: I would just describe it as like love and being taken care of like I don't look at it as like the actual monetary value. I look at it as more as like, oh, you're taking care of me like you're spending money on me. So, therefore, you must have been taking care of me.

Ramit Sethi: Where did you come up with this message?

Monique: Yeah. Well, growing up, my family was very like that. Like we never spoke about money. We just always like had it, and if I ever needed something or wanted something, it was never a question. It was just like, okay, you need that or you want that, like here you go. And yeah, just growing up, it was never something that we lacked. And it just seemed like when I'd go out with my older brother he would always just pay and like never expect me or even think to expect me to offer, or pay, or anything.

Ramit Sethi: And did you grow up upper middle class, wealthy? How would you describe your financial upbringing?

Monique: I believe upper middle class, for sure. Yeah.

Ramit Sethi: What about the cultural background? Do you come from any particular culture?

Monique: Yes. So, we're half-Hispanic, half-Middle Eastern. And so, it's like you're very taken care of. And I'm the youngest of two, my two older brothers and me, so like I'm the girl, and like I'm kind of like the little princess. So, there, I was like, take care of me.

Ramit Sethi: Can you count the clues? I count at least four clues so far. Before we go on, try to make a hypothesis. What do you think is going on here? And if you were me, what would you ask next? I want you to treat these podcasts like practice because you can use the same questions on yourself and you can use the same questions in your discussions with your partner. Alright. Let's keep going. Growing up, did they ever say no to you for money?

Monique: To be honest, no, but I was also never greedy or I don't think I was ever spoiled. If we work hard, we own a family-run restaurant, so we all work. So, I think we all just reap the benefits of our hard work. So, I always just thought of having that fairy tale love of going out, having everything paid for, and just having the more traditional relationship.

Ramit Sethi: Traditional means what?

Monique: Like the guy pays for everything, the guy opens the door, the guy pulls the chair out, the guy waits to kiss you at the end of the day, the guy meets your parents at the beginning of the day, just like very, yeah, traditional.

Ramit Sethi: Holy shit. What do you think about what Monique just said? In fact, what did you feel when you heard her say that? I want to encourage you to send that clip to a few of your friends, get a text discussion going, and then send me a screenshot of your text discussion. I want to know what your friends and you think about that clip about what Monique just said. And I think it's going to tell you a lot about yourself, and how you and your friends view money.

I think your response will reveal a lot about you. It'll reveal your educational background, your cultural upbringing, your views on gender, and work, and money. And I also bet that if we analyze the answers by gender, I think that they would be noticeably different. I don't think we should hide from these conversations. There are expectations around money in every culture, yet somehow in America, we take the most uncomfortable ones, and we pretend they don't exist, and then we romanticize money.

Oh, it should just work out. My partner should know what's important to me. Love is all that matters. Maybe. But I think it's a lot better to go deeper and talk about what we truly believe. I've been in rooms where a group of women asked one of their friends if the guy paid for their first date and when she said no, he wanted to split it, the group in unison said, ew. That's real.

Think about how money is portrayed in movies and music. Think about the phrases that we use. It's easy to scoff at someone else's beliefs, but what are your beliefs about money? Have you ever questioned them, even interrogated them deeply? Have you ever said them out loud like Monique just did? We're going to find out, we're going to dig a lot deeper here. Let's keep going because we haven't even scratched the surface yet.

Monique: We went to the zoo and he was nice enough to pay for the zoo entry. And I was grateful, I said, okay, since you got the zoo, I will take us out to eat after. And so, we go out to eat after. And I think the zoo was like 50 bucks. I don't know.

Ramit Sethi: Each?

Monique: I think total or each, I don't remember.

Pablo: Each.

Ramit Sethi: Okay. 50 bucks each. And so, I took us out to eat, and we weren't that hungry, so I was like, okay, let's just get some appetizers, it was hot outside, so just like grab a little snack, whatever. And I noticed that he was like ordering a lot of food, and I was like, hey, like why are you ordering a bunch of like, we're not that hungry, I don't want to be like wasteful, like let's just order what we're going to eat, and like let's go.

And what I noticed was that I felt like he was trying to rack up the bill for it to be equal, for it to be monetarily equal, like he spent \$100 on the zoo entrance, so he would want me to also spend \$100 on food. And I just felt very uncomfortable, like it was like a tit-for-tat-type thing, where he's like, well, I spent this amount of money. So, you also have to spend this amount of money. If not, it's not equal or it's not fair. And I just felt very uncomfortable like, whoa, like I don't look at it that way. I don't know. I just felt weird.

And then, what happened?

Monique: And then, we fought, and then he paid for the extra food that he ordered and he took home. And so then, I felt bad that he paid for the food, for his part of the food, so then I ordered more food for him to go, so he can have for later. So, it's like, oh, shoot, am I wrong? Is he wrong? Like I'm uncomfortable, but he's uncomfortable. Like how do we do this? Because I just felt like it was like a tit-for-tat thing, like I spent \$105.03, so like you must also spend \$105.03.

Ramit Sethi: Let's hear from Pablo.

Pablo: The entrances were \$100, and so she was supposed to take me out to eat, which makes perfect sense, but we hadn't ordered appetizers, and I thought, I don't think that's going to be enough, and I saw a deal that like for \$25, you get like four or five courses more. So, I was like, actually, I think we're going to waste more money getting appetizers, where if we get the deal, there's going to be more food. And so, I think it's a better deal for everyone. I disagree that I was trying to rack up the bill. On the contrary, I was trying to be more efficient with the bill, because we get more food for less money. So I ordered the food. But then, by the time the food came, our eyes were bigger than our stomach, and so we like didn't eat the majority of the food. So, I was like, okay, well, we'll just have food to go. So then, she saw it as like, well, I was going to pay for food, but only for the appetizers, you went and took advantage of the fact that I was going to pay for it and you just ordered more food, which was not the case. And so, it was super awkward and we got in a fight, where I was like, you know what, if it's that big of a deal to you, like I'll pay for the food, they are ordered, and you can pay for the appetizers. And so, your whole idea of I get one thing, you get the other thing, where I get the date, you get the meal, the idea is ruined when like there's a certain cap on how much you're going to spend on the date. And so then, it becomes unequal, where like, well, I can spend millions of dollars on a date, but the food like, oh, can't be too much.

Ramit Sethi: I've never met a couple that would have this argument about money if it were not much deeper in the relationship. Is that true?

Pablo: It's very true. There was a very early incident in our relationship. Monique was still in college, and she had just had like a very terrible week with a bunch of midterms, papers, and tests, like that. So then, she, after writing a paper, she turned it in, and she's like, well, I'm really hungry, let's go out to eat. But I had already eaten, so we went to get Thai food, and then she just gets the soup, and then the bill is there, and then we're just sitting there for maybe 20, 30 minutes making time. She was expecting me to pick up the bill, I was expecting her to pick up the bill, and then we got to this awkward conversation of like, alright, let's go. And she's like, alright, well, let's go. It's like, okay, well, are you going to pay for it? And then, it was just like, whoa, but the gentleman is supposed to pay. And I was like, okay, that's fine, but I didn't eat anything, and you're the one who wanted to get food, so it only makes sense that if you're hungry, if you want to get food, like you would pay for it.

Monique: What happened was I was sick. And so, I was like, oh, I really could use some soup for my throat, like all this stuff. So, in my mind, it wasn't like, oh, pay for me, like whatever, like my servant, whatever. It was like, hey, like, I'm sick. So, the fact that he didn't pay for it while I was sick didn't make me feel like he was taking care of me while I was sick.

Ramit Sethi: Okay. Notice the tiny clues that are starting to emerge. Monique mentions taking care of me a lot. It comes up in her upbringing and it comes up when she's sick. Pablo mentions fairness. He doesn't feel it's fair to pay for a meal when he doesn't even want to eat it. These are two different perspectives on money, and those perspectives, I call them money lenses, are the ways that they view the world. So, they can be in the same restaurant, sitting at the same table, eating the same meal, and when the bill comes, they're both looking at it and seeing completely different things.

Monique: It was like a 10-dollar suit, but it was just not even the monetary value, it was just like the feeling of not being taken care of when you're sick. So, like I did expect him to pick up the bill and we sat there for like half an hour.

Ramit Sethi: And if he picked up the bill, what did it mean to you?

Monique: That I would feel loved and taken care of, especially in a moment where I wasn't feeling well.

Ramit Sethi: And if he didn't pick up the bill, what would that mean to you?

Monique: That he didn't care enough to take care of me.

Ramit Sethi: Which means what?

Monique: He doesn't love me, I don't know.

Ramit Sethi: Just like that, from a 10-dollar soup to a feeling that my partner doesn't love me. Do you see how short that link is? Soup to love, just one hop, but do you also see how obscure that link is? Do you think Monique ever acknowledged that to her soup means love? I doubt it. I doubt she even consciously admitted it to herself before today. Pablo just saw it as soup, soup he didn't even eat, why should he pay for it? To him, that's not fair, but her money lens is completely different.

Pablo, if you picked up the bill for her, what would that mean to you?

Pablo: That would make me feel that I'm being taken advantage of or that I'm being used, and this comes from previous experience, where I have gone on dates and felt used, or just like, yeah, utilized to pay for someone's meal.

Ramit Sethi: Can you share an example?

Pablo: Yeah. Just a couple of days that I've been, so I used to travel a lot for work. And when I was in the country, for example, Mexico, it was very expected in Hispanic culture, as Monique says that the guy pays for everything. And so, I would go on dates, and I wouldn't be sure if the girl was interested in me or just wanted me for my money, especially since I was American or the international man of mystery, that it's not that I was showing opulence or affluence, it was just it was implied that since I was an international man, that I had money. And so, I became very defensive with my money.

And so, whenever I would go on dates, I would be like, well, I'm not going to take you out just because like I have money, I want to share this experience with you and have it be a together experience. Even before this fight, there was a lot of tensions building up that maybe I didn't express to Monique, where like we would go out to dinner and she would not offer to pay, not even like do the check dance of like, oh, let me try, I'll be like, no, that's okay. She would just sit there, and I would be like, okay, like are you not even going to pretend to pay? And so, there was a lot of tension building up to that. So, by the time the soup incident came, well, I didn't even partake in the meal, I was like, why am I going to pay for this if it was not mine?

Ramit Sethi: Okay. If she had done the check dance, the fake offer, would you have appreciated that?

Pablo: Absolutely.

Ramit Sethi: What would that have made you feel?

Pablo: That would have made me feel that I'm not being taken advantage of, even if it was a fake check dance, I would have been like, oh, thank you for offering to pay, I appreciate it, but don't worry, then I would play the gentleman card of like, don't worry, I got you, it's okay, I'll pay for it.

Ramit Sethi: That's very interesting. Why? Even if you knew that she didn't intend to pay, you would have felt better about it.

Pablo: Yes.

Ramit Sethi: Why is that?

Pablo: I'm just going to reiterate the point that I do not like feeling being taken advantage of because it's happened so many times in the past.

Ramit Sethi: Oh, my God. This is fascinating. Okay. [Making sounds] Take a breath, Ramit. Just calm down. Okay. What do you notice? At first, Pablo mentioned fairness, okay, fine. Then, suddenly, we find out he's had a history of feeling taken advantage of because of his money. Now, I'm starting to get it. That soup isn't just a 10-dollar soup to Pablo either. It represents something a lot deeper.

The most fascinating thing he said was that he would have loved to see the fake check dance. Did you catch that? First of all, the fact that everyone knows what the fake check dance is, that's when somebody pretends to offer to pay, but they don't plan to, that is telling, because it's a real thing. It means that to Pablo, symbolism matters. I think symbolism matters to all of us.

A lot of us are utilitarian with our money. We and I'm overwhelmingly talking about men with this point, describe the things we buy in terms of functional use. Well, yes, I bought that iPhone, because of the superior storage and the 16,000-megapixel camera, and I bought this car because it has over-the-air tech updates. Maybe. Or, you might have just bought it, because guys you admire also bought it. It's no surprise that if you ask guys who their style role model is, over 90% of them will give you the same answer.

Do you know who it is? James Bond. Do you think that's functional or practical? You don't even wear a fucking suit. Symbolism matters. Pablo is acknowledging that if Monique had offered to pay for the meal, he says he would have been happy. As he puts it, he would have "been the gentleman", notice how that identity creeps in, and he would have happily paid. Monique wants to be taken care of. Pablo says he wants fairness, but I think what he wants is a lot deeper.

Pablo: It should be equally expensive and as well as equally productive towards each other.

Ramit Sethi: What does that mean, equally? Equal could mean 50-50, it could be 66-33. What is equal to you, Pablo?

Pablo: Yes. I do make a lot more on paper, however in terms of cost of living, it comes down very equal or even more beneficial to Monique, because as I told you earlier, I live in LA, I pay rent in LA, pay for food, pay for student loans, car, insurance, gas, all these things. So, my high salary at the end of the month, I come out with like two to \$300, and like I'm up to here.

Ramit Sethi: I don't love the idea of factoring in your expenses when it comes to the contributions. Those expenses are your expenses, right? You chose to go to college, you chose to get a 35,000-plus car, et cetera, et cetera. Your expenses, candidly, they're yours. And so, your income is definitely, you two should talk about that proportionally and you two should figure out what works for you, but I would say typically in other relationships, expenses are not a primary part of the proportional contribution discussion.

Pablo: Okay. To be honest, even before we started this conversation, Monique and I, even though we've been dating for almost five years now, have never really had a concrete discussion about finances.

Ramit Sethi: Well, you guys certainly have fought a lot over soup.

Pablo: Right. That's true.

Ramit Sethi: So, those are discussions, they might not be productive, but you've had a lot of discussions.

Pablo: Right. But like I never really knew her income and she's never really known mine. So, I've never known-

Ramit Sethi: Ever, until now?

Pablo: Until now or three days ago when we started filling out the financial worksheet.

Ramit Sethi: Wait. This is blowing my mind. So, both of you put down your numbers on paper, did it surprise you, Pablo, to learn what Monique makes?

Pablo: Yes and no. Yes, because I thought she was making more. And no, because I know that she's focusing on her singing career, so she's not really working. She works at her parents' restaurants. I'm like, okay, well, that makes sense.

Ramit Sethi: Okay. And Monique, did it surprise you when you saw the numbers with Pablo?

Monique: No, because I could kind of just estimate, but he's always been very secretive and I never appreciated that.

Ramit Sethi: Secretive?

Monique: About his finances, like when we first started dating, like he wouldn't be open about it, whereas like I would be happily open about finances, and how much my parents make, and all that stuff, but he never shared and was always like very protective of that information. So, I felt like, okay, like I guess I should protect the information of myself as well.

Ramit Sethi: If you'd heard this at the beginning of the episode, you might just think Pablo was weird, but now, knowing his history of feeling taken advantage of, we can all start to understand his behavior. Understanding doesn't mean you agree with it, it just means you start to understand it. I remember being in a social psychology class at Stanford, where we were talking about human behavior and persuasion. And as you study this stuff, you realize that behavior is a lot different than most of us think. You also start to realize what they call the power of the situation, which is a profound concept in social psychology. It means that most of us believe we do things for very rational reasons. I was hungry, so I bought the burrito, I was tired, so I decided to lie down, or I'm a generous person, so I donated to that homeless person.

What social psychologists know is that we can create conditions that dramatically change our behavior. We can create conditions that make you less generous, like the famous Good Samaritan experiment, or we can create conditions that make you administer electric shocks to people. We can even create conditions that make you more compassionate. In short, the situation around you has a profound effect on what you're doing.

And guess what? Most people have no idea. When you point it out, hey, we ran an experiment and you did X, because of Y, we isolated the variables, and they deny it. They get mad. Why? Because we desperately want to be in control of our behavior, but we're not. And as you start to learn this material, it radically reshapes the way that you understand other people.

I remember having these revelations about human nature as I was taking these classes, and that's why 20 years later, I am still obsessed with human behavior. It's why I'm doing this podcast. The reason I shared all of this is a phrase that one of my professors told me, which is, that you don't have to agree with his behavior, but at least now, you understand it. Let's say you go to a restaurant, and the bill is 100 bucks, and you both pull out your credit card, and you tell the server, can you split it 50-50, what would be going through your mind at that moment?

Monique: It just feels like a business meeting or just not someone that like I'm in love with, or I don't know, it just doesn't seem nice to me. I don't know. It's hard to describe.

Ramit Sethi: Keep going.

Monique: I don't know. It's just not the way I was raised, or what I saw growing up, or even with my friends, like their parents would just be like, oh, I'm paying for you guys, like, go, on us, like we would never split anything. We would always just pay each time.

Ramit Sethi: Did you ever see your mom splitting something with your dad?

Monique: Never, ever, ever.

Ramit Sethi: Yeah. Okay. So, let's fast forward. Let's assume you two work this out, and you continue your relationship, and perhaps get married, perhaps not, whatever the case, and one day in the future, you're sitting down for dinner, you get a nice dinner, you got dessert, and the bill comes, Monique, in your ideal world, who's the one who pulls out the credit card?

Monique: To be honest, at that point, I wouldn't mind pulling up the card because I know we would have a joint account, and I would know, I'd be confident in knowing like, well, the tip, and how the server did, and all these things. So, at that point, I wouldn't mind, because it's our money.

Ramit Sethi: And what's different about that future versus where you are today?

Monique: Because it's not a joint account, and I think he's older, he makes more money, he has more experience, so I feel like that's his role.

Ramit Sethi: Why is it his role?

Monique: Because he's pursuing me to be, hopefully, the mother of his children one day, like his partner, like he should invest in that future by like taking me out, and like building our relationship, and all these things, because like he says 50-50, but I don't think it is 50-50, because like in the future, like if I have our kids and all those things, like that's not equal, like I'm going to have to like carry a baby, and like push it out of my body, and like all these things, like he's not doing that. So, I just feel like, already, by his age, and his experience, and the money he's making, and him being a man, it's not 50-50. So, I don't think I should be expected to pay 50-50.

Pablo: I disagree completely with that philosophy.

Ramit Sethi: Okay. Tell us.

Pablo: Okay. So, like I'm older and have had more relationships, and I've had the three types of relationships, the one where I don't pay for anything because the girl is making more money than I am, and I wasn't employed at that time. And I know that, at least for me, that didn't work. There was a lot of money tensions, and I also didn't like feeling like I was being supported or lifted. I felt just incorrect. I've had relationships, where it's been 50-50, and those have been the best relationships, in my opinion, because money was never an issue, like at all.

As I said, we were both partners, we did experiences, dinners, dates, everything, and everything flowed very smoothly. We never even spoke about money, even if the girls had more money than I did, which they did actually, everything was 50-50. And then, I have this relationship where like I'm expected to pay for everything, and there are some keywords that Monique threw in there that I have had fights with her mom about me being older, not being a man enough, because like I can't take care of her, I don't have enough money, I don't have a house.

Ramit Sethi: Her mom said these things to you?

Pablo: Yes.

Ramit Sethi: How did that come up? Before we go on, I just want to say, I fucking know the answer to this question, I was raised by Indian parents in an Indian community. Alright. Let me just break this down for you. The families meet, this is before there's an engagement, and the families are deciding whether to have an engagement at all. Yes, I said families, not just the two individuals. There are lots of delicate questions in this first meeting like, oh, where were you raised?

And if you were just an observer sitting on the couch watching, you would say, oh, how nice they're just getting to know each other. In reality, both families are asking a highly detailed set of questions to

determine the answers to things like, do they come from a good family? Are both of our families going to be able to get along? Do both of the kids have the same values?

You see, for lots of cultures, when two people get married, the families are getting married, not just the two individuals and the social consequences of divorce are much, much more severe. You have to remember that until recently, what we thought of as love marriages were not nearly as common. You can read more about this in a book called *Marriage, a History: How Love Conquered Marriage* by Stephanie Coontz. It's fascinating. And this is a great reminder for all of us, that in money, culture matters.

Pablo: I was living in the Middle East, and I figured, it's Ramadan, so I have a week break, we can meet each other, but her parents are more traditional and more conservatives, they're like we would not like for you guys to travel together unless there's like a bigger commitment. And so, I was like, well, what do you mean, better commitment? Like I'm devoted to your daughter and like I want to be with her.

And that's where her mom was like, yes, but I worry that like if anything happens, I don't know if you're going to be able to support her, you are like already 30, you don't have a house, you have all the student loan debt like I don't think you have enough to support her. And so, I withheld my desire to go on a trip with my girlfriend just to keep the peace. However, there was a seed planted in my mind that, I'm not enough, I need to make more money.

And so, when she says that Pablo needs to be pursuing me because he's a man, and that he should get me because I'm the prize, I'm just like, that's where the philosophies clash, because I'm like, well, I don't want to pursue you, because you're the prize, I want to pursue you. After all, I want to be partners in this thing. In my old job, I was very, very high income. In the worst month, I would have 4,000 net.

It was anywhere between like 4,000 to 15,000 in a good month. And I gave that up once I met Monique because I wanted to be with her. And so, for two years, I was unemployed and living on savings alone. And so, with student loans and all these things, like my savings were depleted, depleted, depleted, depleted, depleted, and Monique never saw that. She was just like, oh, well, he's coming to my house for free.

It's like, well, I am coming to your house, eating for free, but I'm also not making any money to be with you. So, I got to a point where I was like I have \$34 in my bank account, like I need to go do another project. That was a snowball effect because I think that's what led to the discussion of her mom being like, well, how are you 30 and have like \$30 in your bank account?

You can't provide for my daughter and all these things. But like they didn't see the whole two years beforehand, where I was like not making any money, ensuring that Monique graduated with the highest marks, and like helping her with her homework, and with tutoring her and stuff like that, and helping her with her music career. So, like I sacrificed a lot of my income to be with her, and so I didn't feel the compensation of like, yes, you do feed me, but I should pay for everything else.

Ramit Sethi: Also, to be fair, her parents didn't know that backstory, because you didn't tell them that, right?

Pablo: Absolutely. Yeah.

Ramit Sethi: Okay. So, there's a lot of missed communication here, a lot of things that each of you are bottling up without the other person knowing, and then expecting for them to magically see it your way. Okay. It's starting to unfold now.

Monique: I was frustrated, because I was like, okay, guys, I'm not ready to get married soon anyway, so it's like if he's not up to your standard or whatever, like stop being so hard on him. I mean, I understand where they're coming from, and I respect them, and I appreciate their concern, but I also understand where Pablo is coming from, that like life is hard, like he has student loan debt like I shouldn't be expecting him to just like pay for everything and just like be a bank for me.

And that's not what I expect I don't want you to get the wrong opinion. But I don't know, I just felt that like since he was older, he had more experience, he had more time working, where I was like literally a freshman in college when I met him, I just expected for him to do more since he had more experience, time, age, money, all these things. And maybe I'm wrong for thinking that, and that's fine.

Ramit Sethi: Do you think you're wrong?

Monique: Well, I don't know, like from all the pushback from him, it's got me thinking of like, okay, am I wrong? Like I thought I was in my right to think he could do more since he is older, has more money, more experience.

Ramit Sethi: Keep going. Now that you've started to question, what is coming to your mind?

Monique: That even though he may have more, I also recognize that like I've lived a very comfortable life and I haven't had to work as hard as he has, and like I recognize that. So, that's why I'm happy now, paying more for things, and I would think he would agree that like I have been paying things and like buying things a lot more than I did before. And I just try to be generous, because I think I am a very generous person and I would never want it for him to be 100% giving me, and me just accepting everything and not giving anything back in return.

Ramit Sethi: One of the things I hear from you, Monique, is that you have made a lot of changes intellectually to respect what Pablo does, how much he earns, how hard he works, and even his expenses. I hear that and I hear Pablo appreciating that, but I also hear you using words like weird and not what I expected, and I hear that you may be reckoning with this intellectually, but emotionally, it's still difficult for you to accept paying for certain things like meals. Am I getting that right?

Monique: Exactly, yeah. So, like mentally, I'm on board, I get it, I respect him, I understand. But emotionally, I'm just like, ah, I don't know.

Ramit Sethi: Keep going.

Monique: I'm just like, okay, he should take me out. Like we should just do what they do in the movies or like what I've grown up with. This is just what I've known and expected my whole life.

Ramit Sethi: And fast forward that movie for me. So, here you are, and you eventually get married, and what happens throughout the rest of your life with this script that you're working with?

Monique: Yeah. I will hopefully like when I'm older and have my own business and do all these things, like I'll make a lot more, and own property, and have different sources of income, and I think with building a family, it should be 50-50. But I still think that certain things aren't 50-50. Like if I'm pregnant, for instance, and I can't work, is he going to expect me to pay for half the mortgage and things like that? I would hope he would think to take care of that for me, because like I'm doing something that he couldn't do. I don't know. Does that make sense?

Ramit Sethi: Yeah, makes sense. Let me parse that a little bit. So, if you want to become an entrepreneur, at a certain point, do you expect your income to go up from 33,000 a year?

Monique: Yes, of course.

Ramit Sethi: Okay. Any sense of what income you think you'll make in the next five years or so? You can ballpark it for me.

Monique: I mean, hopefully, I'll take over the family business, I have like one-third of that. So, I don't know, probably like 200. I don't know, to be honest.

Ramit Sethi: Okay. That's fine. Let's say 150 just for conversation's sake. So, at 150, if you were making 150, and at that point, let's say that Pablo is making 150 as well, what do you think happens when you go out to a restaurant to eat? How's that getting paid for?

Monique: To be honest, I would still appreciate it if he'd picked up the bill, even if I'm making even the same as him.

Ramit Sethi: Yeah, it's not a number for you, is it? It doesn't matter if you're even making more than Pablo, you still expect him and want him to pick up the check. Is that right?

Monique: Exactly.

Pablo: I'll go back to my original thesis that I still want to be a partnership where if we both make one hundred and fifty, we all dump that into the joint account. And then, at that point, I feel like it doesn't matter. Like I'll put out the credit card and it'll be the same, it'll come from the same source, or if Monique pulls out the credit card, it will come from the same source. So, I think at that point, it's a bit of a moot point when we're both aiming at the same thing. And so, I'm not entirely in agreement with like if she's pregnant, I would never make her pay for half of the mortgage, because that doesn't make sense if we're both paying for the mortgage at the same time with our joint account.

Ramit Sethi: Okay. Let me ask you a question today. Let's say that the two of you took your money and you put it into a joint account today. Pablo, you put \$103,000 into that. Monique, you put \$33,000 into it. Okay. And you go out to eat at a nice restaurant. It costs you 150 bucks. Are you both comfortable pulling out the joint credit card and paying for that dinner?

Pablo: Absolutely, yes.

Ramit Sethi: Well, that's easy. I mean, we could end this conversation right now. Is that all it takes? Having a joint account and pulling out one joint credit card, is that all it takes for you both to feel good about money in your relationship?

Monique: I don't think he'd be comfortable. I think he would be upset that I'm putting 33 and he's putting 103.

Pablo: I would be much more happy. I would see tangible efforts that do not with some sort of poison or sting behind them if the joint account is used. That makes much more sense. I feel like there's a skin in the game on both ends.

Ramit Sethi: Wow. What the hell's going on right now? I didn't think that a joint account would magically solve all their problems. I still don't believe that it will. But hey, I'm going to lock in the win and take it if I can. Alright. Notice, by the way, that if I had suggested a joint account at the beginning of our call, it would have failed. We had to go through this process so that they could both acknowledge all the things that they were feeling before we got to some solutions.

So, I'm going to give them a little bit of advice about the joint account, but really, I don't trust that this is the end of it. I think there's something more going on. I think you guys could start by picking a number that's comfortable for both of you. It could be a hundred bucks and 130 bucks or whatever the proportions work out to. It could be small, but at least you both feel good.

You do that for a month or two. You go, you know what, after the third month, let's adjust the numbers. But for now, let's just start small and comfortable. We'll go out to a couple of desserts. We'll feel good. We'll develop new rituals of who's going to pull out the credit card, but it's not really about the dollar amount, is it? What is it about instead, Monique?

Monique: This feeling appreciated and loved, and it feels fair.

Ramit Sethi: Yeah, good, feeling fair. Thank you for saying that. Great word. So, you two are creating a whole new ritual, and it's deep. It cuts deep, because both of you have these expectations and these invisible scripts, but now, we're starting just like with almost play money, just a small amount of money. We're saying, okay, in the past, you used to sit here and look at this Thai soup getting cold, and both of

you are just getting so mad, and now, you're going to have to rewrite that into something different. Okay. And both of you are going to have to play a part in doing this. You're in this together as partners. Okay. How would that feel to you, Pablo?

Pablo: The word you just said right there, feel as partners, that literally like gives me butterflies in the stomach.

Ramit Sethi: Yeah. Monique, what do you think about when you hear Pablo say that?

Monique: Yeah, I'm happy and I feel relieved that we can come to an agreement where we both feel seen.

Ramit Sethi: Okay. Love that. Now, the second part, which is much harder, is the emotional part of expectations. Monique, you have expressed multiple times today that you see money as being taken care of, that you see it as love, and down to, if he doesn't pay for a certain date night, that deep down, that means he doesn't love you. Pablo, you have expressed the words fair, equal, and partners. To her, those words seem transactional and cold. To you, it's logical, and you do not want to be taken advantage of. Do you think that your worldview for your relationship is compatible with hers?

Pablo: No. And this has been in the back of my mind many times, and we have had plenty of fights about this. We are compatible in a lot of things, interests, family backgrounds, and stuff like that. But in terms of philosophies towards life, we are incompatible in a lot of things, finances being one of the major ones.

Ramit Sethi: So, what do you want to do?

Pablo: We keep having discussions on them, we keep working at it. Five years is a lot, and so we keep growing a lot, and I keep working with her.

Ramit Sethi: Pablo, one thing that I didn't hear you say to Monique was, I would love for you to be more generous. What would that feel like for you?

Pablo: It would relieve a lot of stress and resentment that I fear towards relationships. She is generous in her way, so I will give her that. She is quite generous. However, I think there is a misunderstanding of what I would appreciate as being generous to what she thinks that she is being generous in.

Ramit Sethi: So, just say it, Pablo, be specific.

Pablo: Yeah. Monique, I love everything that you do in terms of giving me food, writing me letters, and giving all these little tiny, cute gifts, and I appreciate them. But to be honest, some of the generosity would be better felt if it was more on the financial department when we're doing dates or activities together. It would make me feel much more appreciated, and I would look at you in such a strong light, an even better light than I already do.

Monique: I mean, I appreciate that, and I take that to heart, and I would—I mean, it's hard, because like you said, I am very generous in many different ways, so I thought I was good, I thought I was doing a great job, but he's never actually have said those exact words, so it's hard for me. I always tell him, like I can't read your mind like you need to tell me things, because I don't know what's wrong.

Pablo: And I think it's because we've never really had a serious money discussion until now, so we've never been able to address those issues straight on.

Ramit Sethi: Five years into this relationship, they're starting to admit to each other and themselves what they need to feel loved. Now, watch what happens.

Are there any questions that I can answer for you today?

Pablo: There is an upcoming trip. We do have our first official trip after five years coming together. And we're going to Mexico City, and actually, it's timed perfectly, because I bought tickets to go see Formula One, and I think it's going to be a great experience. I'm a big fan and Monique is getting into it. And then, she has her award show in Mexico City.

So, the tickets, to be frank, they were \$2,000 or like \$1,000 each. I would say it would be completely fair that I covered the tickets, and then she would pay for housing and food in Mexico, which would make it equivalent, or probably even less. It would probably be like I spent two grand, she spends one grand. We haven't even begun discussing this, but I already know that it's going to be an issue.

Monique: Well, first of all, I had no idea that those tickets were—so it's two grand per person or how much—

Pablo: No, \$1,000 per person.

Monique: Okay. I had no idea that it was that expensive. I thought it was two grand for your whole family, because you bought tickets for your whole family, right?

Pablo: They were five grand for total, yeah.

Monique: But that's the thing is I didn't know you were buying me tickets or that we were even going to that.

Pablo: Of course, and I wanted to surprise you. And so like, you don't have to worry about the cost of the tickets, because as I've done every time I've taken it to a concert of the bands that I like that you don't like or that you don't know of, I always cover the tickets, because I'm bringing you to my experience. But then, the shared experience, which is Mexico City, like I feel like we can share that.

Monique: Yeah, let's share it 50-50, but not that I pay for all the food and all the housing thing.

Pablo: Okay. It's going to be less than \$2,000. It's going to be less than \$1,000, for sure.

Monique: Okay. And that's fine. But you went ahead and bought the tickets without me knowing about it and without knowing the price, and you're already expecting me to pay for all of the housing and all the food, which I had no idea about.

Ramit Sethi: What is going on right now? Two minutes ago, everybody was hugging, and we were singing around a campfire, and then we started talking about this trip, and did you notice? They both went right back to their corners. All the good feelings and the understanding they developed went away, and they went right back to their old style of fighting about money. This is normal.

Everybody feels good, oh, I realize something about myself and my partner, oh, my gosh, I love him, I love her. But when it comes to applying it to a real-world situation, oh, we go right back to our old patterns. So, we're going to pick this up, and you're going to discover even more beneath the surface when we continue next week on the continuation of this episode of I Will Teach You To Be Rich.

Podcast Episode 18: He's the man & he should pay. We can't go on like this any more

Synopsis: Monique expects Pablo to pay for her "as the man" in the relationship. Pablo wants "fairness" in a partner.

Last week, I dug into their money psychology. Right at the end of last week's conversation — when both were feeling good — they started discussing an upcoming trip to Mexico City. Suddenly, everything fell apart.

All their positive feelings and new skills got thrown to the side, and they went right back to their old habits. That's why I had to add a part two to our conversation. That's today's episode.]

When they're discussing the trip, Monique already has her argument ready before Pablo finishes a sentence. Pablo's fists are clenched. He wants to be the laid-back, confident guy Monique fell in love with, but his views on money have changed. You'll hear him describe "Antonio," his scarcity-minded alter ego.

This conversation surprised me in so many ways. Listen in.

Podcast Transcript:

Ramit Sethi: In the last episode, we went deep on Pablo and Monique's money beliefs, how they were raised, how they think about money, their money psychology. And towards the end, they both started to develop a newfound respect for each other. They started to empathize with how the other person was feeling and why they were behaving the way they were around money. But then, something happened, and that was a specific trip that they were both planning to take to Mexico City. And what you'll discover is that it's all fun and game, it's nice, and everybody sings Kumbaya about how they feel about money until a specific situation comes up. And then, often, people revert right back to how they used to behave around money. So, here we are, Pablo wants to surprise Monique with a Formula One experience in Mexico City, and because he paid for the tickets, he's going to ask her to pay for the accommodations and food. She thinks this is unfair. Let's listen.

Monique: I don't think it should be 50-50. I would be more comfortable with being proportional to our incomes.

Ramit Sethi: And if in the future, one day, you make more than him, do you pay more proportionally?

Monique: I would be more comfortable paying like 50-50.

Pablo: I feel like once again, the commitment to partnership is not there.

Monique: I just don't think that's fair.

Pablo: That does raise a question of like, is this ever going to work out, where we both feel happy and content with our finances and our relationship? If it's not, then I think I must find a better-suited partner for me. Our parents are friends from back in the day. My dad is an architect, and he helped renovate

Monique's restaurants, and her mom was like, I have a daughter, we should introduce our kids to each other. And so then, I had just come back from living abroad that day.

Monique: My mom is very social, so she always has me meeting her friends' kids, because we're all like-minded. So, when she heard about Pablo, she was like, oh, he loves to travel, he did this, my daughter loves to travel as well, and she does music as well like they should meet. So, it was more of like a friendly thing, not like a setup. But I knew nothing about him. I knew he was older. And I stalked his Facebook, and I was like, ew, like I saw horrible pictures of him. So, I was just like, ew, like I don't know who this guy is, like gross, whatever.

Ramit Sethi: And then, you saw him, and what happened when you saw him, did you still say ew?

Monique: No. I was like, oh, yeah, like fell almost, like right away.

Ramit Sethi: How did your parents feel once you told them that you were interested in him and he was 10 years older?

Monique: To be honest, they weren't worried, they weren't sketched out or anything, because they knew he came from a good family. He has a good background and a solid family, and he was very respectful, way more respectful than the guys my age anyway. So, they were comfortable.

Ramit Sethi: I'm surprised, walking into this call, I had seen both of their ages, and I suspected that there might be some sort of power imbalance here. He's 10 years older, she's not, yet it turns out that their parents introduced them. And so, you can see me trying to pull on this thread here, and realizing, ah, it's not the issue, whatsoever. Now, just as a reminder, Pablo earns just over \$100,000. He also has a quarter of a million dollars invested, by the way. Monique only earns about \$33,000, but she expects her income to go up over time. I'm sharing these numbers with you, it's important, because it informs how they view this 50-50 split that Pablo proposes.

Monique: I just don't think it is 50-50. I don't think it should be 50-50. I would be more comfortable with being proportional to our incomes.

Ramit Sethi: And if in the future, one day, you make more than him, do you pay more proportionally?

Monique: I would be more comfortable paying like 50-50.

Pablo: I thought it was very interesting. Monique's reaction once heard she makes three times as much as I do. And so then, that's-

Ramit Sethi: What was the reaction?

Pablo: Her reaction was, no, the guy should still pay, or she was stumped by that scenario, which is-

Ramit Sethi: Ask her about that.

Pablo: Yeah, which is concerning, because like, say, for example, well, there have been times where I've been out of a job just like being in the US to be with you, but I'm still expected to carry on as if nothing's the matter. And like I've seen it in my parents' relationship, where my father has lost his job. there's a power shift, where my mom sees my dad not as romantically as she usually does, kind of like a burden. And I experienced that in the past as I explained my first relationship, where I wasn't making anything and the girlfriend had to take care of me. And she said, and to quote, "I no longer see you as my partner, I see you as a child that I have to take care of." And so, that worries me with Monique.

Monique: I mean, yeah, like obviously, wouldn't love that situation, but of course, I would do it. If I'm making more than you, or like you lose your job or something, I'm not going to like, okay, well, I'm divorcing you or anything.

Ramit Sethi: This is something I notice in couples a lot. You will hear people starting to spin out about what might happen in the future. The most common example is a woman asking her partner, hey, what happens if we get pregnant, and I decide that I want to stop working temporarily or perhaps even permanently? What are you going to do then? Are you going to leave me? And it just starts to spin. Here, we can hear Pablo starting to do the same thing, saying, hey, what if one day, I lose my job?

That's happened. And then, what are you going to do? Are you going to support me? Are you going to look down on me? In my experience, most people try to combat this by telling their partner, to stop spinning. What are you worried about? Don't worry. That is never effective. So, please just stop doing that. A much better approach is to say, tell me what that would mean to you if I were to not be able to work.

How would you react? And then, be honest about what that would make you feel. I'm concerned that you might stop respecting me. I'm concerned that we might not have enough money to live the type of lifestyle we want. That kind of honesty opens up a much more authentic conversation. It can also serve to change some of the ways that you behave around money.

For example, if you're concerned that you might not have enough money if one of you loses their job or one of you stays home with a new child, well, suddenly, that gives both of you a reason to save more aggressively, to invest more aggressively. And so, these kinds of conversations can easily be changed from spinning and negativity to vulnerability and authenticity. That's what I would encourage. I'm trying to see if there's compatibility here between the two, and I can't be the one to decide, only the two of you can.

Monique: I mean, I think it would be compatible because if he takes me out, I would be very appreciative of that. I just feel like it would just push forward like some positive, loving energy rather than like 50-50 each time.

Pablo: I agree. My only worry is from the real-life examples that we've had, where like you do want to take me out or you do want to invite me to something, and it's not equal in terms of like, I'll pay for the 180-dollar dinner, but you can get like a 13-dollar ice cream, thinking that yeah, you pulled up your end of the bargain of that you pay for one thing and I pay for another thing. It's not equivalent to the economic impact of both.

In your heart, the sentiment is the same, but logically and objectively, it's not. However, again, I am very willing to accept your efforts, even if small, but I do see them changing, and I do appreciate it, and understand that you do want to be taken out. We're both pretty big romantics. And so, I do like taking her out. I do love the fact that when she dresses up, she feels like queen of the world and stuff like that. So, I do want to make her feel confident.

Ramit Sethi: I appreciate that. I appreciate you talking about how Monique wants to feel. What if nothing changes? What happens in five years?

Pablo: I fear that I would be continuing how I am right now, which is like passively accepting something that I am not pleased with just for the sake of keeping the relationship afloat.

Ramit Sethi: What would happen?

Pablo: Increased bitterness and increased resentment where anything could trigger a bigger fight of like if another ten-dollar soup comes around, then a bigger fight of like, well, I've sacrificed my whole life for this, and like you can't even buy your soup, just bigger snowballed fights.

Ramit Sethi: You think you'd still be together?

Pablo: Logically, no. Emotionally, yes, which has been a lot of pulls and tensions in our relationship. There have been many instances where we've wanted to break up and we have broken up for days or whatever because of the incompatibilities and tensions, but our attraction and willingness to try to fight for each other and be with each other has always brought us back.

Monique: I would just love for him to keep vocalizing his thoughts and feelings. Before, in the relationship, he was never really vocal, and he just like held it in and I would just be like, okay, why isn't he reaching for the bill, like that's weird? But he would never say anything. So, I just thought he was cheap or something.

Pablo: I am 33. Five years, I'm 38. Monique will be 27 or 28, so let's just say that she has time, where I was like I feel like I'm getting older if I want to start a family. There does come that pressure of trying to find a more ideal partner with my philosophies. And so, if nothing changes in five years, then that does raise a question of like, is this ever going to work out, where we both feel happy and content with our finances and our relationship? If it's not, then I think I must find a better-suited partner for me given my age and my life goals.

Ramit Sethi: It's the first time I think I've heard either of you mention that the stakes here are pretty high. You could live with awkward soup situations for the rest of your life, but Pablo, if you do want a family and you have a vision of a certain age where you're having a family, well, then you have your timetable.

Monique: Yeah. I mean, I completely agree, but I think the problem that you're talking about was that you were never vocal about how unhappy you were or your finances. So, I could never—so when you're saying like I put my foot down and you never said anything, well, it's because I didn't know, you never said anything. So, it's like, I'd like to think I'm a pretty considerate, empathetic person, so like obviously, if you would tell me your struggles, or issues, or thoughts, I would consider them and work on them with you. But since you never were vocal about them, how could I accommodate you? And so, like obviously, now, I think financially, we're kind of on the same track and we're kind of more comfortable, and that's only because of four years of fighting because you could never really say what you wanted to say.

Pablo: Yeah, I agree.

Ramit Sethi: Do you want him to put his foot down?

Monique: I mean, yeah, like I want him to tell me what he thinks, how he feels because like it's not all about me and I felt like he thought that it was all about me, because I am very vocal. Like the second I'm upset or the second I'm whatever, I tell him. And so, the second I was upset about something or whatever, like he would just be like, okay, like whatever makes you happy, great.

Ramit Sethi: Are you a people pleaser, Pablo?

Pablo: Yes. I do sacrifice a lot of my wants and needs just to keep the peace and to keep things going.

Ramit Sethi: And what happens when you do that?

Pablo: There's a lot of repression on my end and a lot of bitterness and resentment towards the switch in my life.

Ramit Sethi: Suddenly, things are starting to make a lot more sense. It's not simply that Monique has a view of money that is incompatible with Pablo. It's also that Pablo is a people pleaser, and he hasn't been honest about what he's feeling. This resentment he's feeling, the one that we can all hear dripping off of his voice is something that he hasn't effectively communicated to Monique. Does it ever get resolved with them or does it just simmer forever?

Pablo: It simmers forever.

Ramit Sethi: So, is this the first situation in which you've spoken up for what you want?

Pablo: As Monica said, she's very empathetic and understanding. If I had told her like, look, the reason why I can't pay for your soup is because I haven't worked in a year, and she'd be like, you're right, let me pay for you right now, let me take care of you, and we can eat at my house every single day of the week, and you don't have to worry about anything. That's what she would have done. But instead, I was-

Ramit Sethi: Is that true, Monique?

Monique: Yes, of course.

Pablo: Absolutely. But instead, I was like, who does she think she is? Like I'm not going to pay for her, I didn't have a drop of her soup, she should pay for it.

Ramit Sethi: How would you describe that view, Pablo?

Pablo: Very selfish and partial to my own—very myopic, to be honest.

Ramit Sethi: Mm-hmm. If you had to describe what that feels like on your body, how would you describe it?

Pablo: Boiling blood, like very tight-fisted, just like clenching jaw, as the bill comes, I'm like, okay, well, here I go, let me pay for it.

Ramit Sethi: If you had to name that, what would you name it? Your name is Pablo. Who's this person?

Pablo: Antonio.

Ramit Sethi: There we go. And how do you feel about Antonio?

Pablo: I don't like him. He's around a lot. He is around, around 90% of the time. And he takes over a lot of the situations and my true self, which I guess is Pablo, like it was repressing itself.

Ramit Sethi: Tell us more about Antonio. How does he typically think?

Pablo: I don't want to say that the world is out to get him, but he has extreme resentment towards everyone in the world. He doesn't feel a victim, but he just feels like angry towards anyone, very insecure, and lacks confidence.

Ramit Sethi: Why does Antonio lack confidence?

Pablo: Because he doesn't—especially now that I feel I'm more in the US, I feel the lack of monetary power has decreased my confidence. And I think part of the reason why Monique fell in love with me is I had just come from living all over the world, that was super not cocky or confident, but just like sure of myself. Like, oh, yeah, let me tell you about all of the places that I lived, all the things that I've done, blah, blah, blah, which I know is what Monique wants and fell in love with, versus like the insecure guy who looks at her weirdly, because she doesn't pull out her credit card.

Ramit Sethi: And more importantly, who do you want more of, Pablo or Antonio?

Pablo: Pablo.

Ramit Sethi: So, I love that you've given him a name, Antonio. It's a great name. What happens in your body when you switch from Pablo to Antonio? Can you spot it?

Pablo: The best way I can describe is like this uneasy feeling in the stomach. I wouldn't say it's like heartburn, but just like, I would say like the stomach acid gurgling and like boiling, like something's not sitting right.

Ramit Sethi: And then, where does the feeling go?

Pablo: Probably to my mouth, and I probably do clench, and I do feel like that I can't speak because I'm so angry, probably to my throat as well.

Ramit Sethi: So, now that you know all about Antonio, what do you want to do with that information? Who is the person who got jobs all around the world, and had a high income, was that Pablo or Antonio?

Pablo: I don't think Antonio existed back then.

Ramit Sethi: That's right. Pablo ruled back then, didn't he?

Pablo: Yeah.

Ramit Sethi: And who rules today?

Pablo: Antonio, 90% of the time.

Ramit Sethi: What do you want to do with that?

Pablo: How do I focus all the energy on suppressing, or not only suppressing but eliminating Antonio?

Ramit Sethi: Can't eliminate Antonio.

Pablo: Okay, then suppressing then

Ramit Sethi: Suppressing doesn't work, you've been doing it your whole life. Does it work?

Pablo: No, it does not.

Ramit Sethi: Oh, sometimes, we have to accept the bad parts of us. I have bad parts of me, I tried to stop them. Now, I say, okay, what I want to do instead is just to increase the better parts of me. Okay. Yeah, of course, I want to keep an eye on being judgmental. Yeah, I'll try to minimize it, but I can spend my whole life minimizing my bad, and where do I end up? Just angry at myself. I hate it. Instead, what if I try to spend more time focusing on improving the good? What would that look like for you?

Pablo: That would look like enjoying the company of a beautiful girl, and like making her feel special, enjoying talking to friends, and meeting new people, and going to travel places, and stuff like that.

Ramit Sethi: It's funny you didn't mention anything about spreadsheets, \$10, \$50, equal, 50-50 in any of that.

Pablo: You're right.

Ramit Sethi: Okay. Monique, who do you like better?

Monique: Pablo.

Ramit Sethi: Why?

Monique: It's just more fun, more likable, more romantic.

Ramit Sethi: Tell him.

Monique: Like I just don't like when I-

Ramit Sethi: Uh-uh. Start again. Tell him what you do like, tell him why you like Pablo.

Monique: Okay. I love it when you're just like super confident, and you know what you want, and you know where you want to take me, and you're just like super sure of yourself. And I just like see your personality shine, and you're like funny, and you have like all these stories to share, and you're just like a really good time to be with. And I admire that.

Ramit Sethi: I believe that. You've already been a powerful Pablo before. You already know exactly what that feels like. It feels great. It's just a matter of just finding your way back there and making Pablo even bigger. So many amazing things just happened in that last bit. First off, Pablo, realizes that he has almost this Jekyll and Hyde perspective to his views on money. And then I loved getting him to name it. It's a very, very powerful concept, naming, naming those voices, those little gremlins on your shoulder who are whispering, and oftentimes, we have a little negative gremlin, negative Nancy, or in this case, Antonio, and that person might tell you, you can't do it, you're not worthy, save all your money, don't get too big for your britches. And then, you have somebody positive on your other shoulder saying, you know what, you're worth it, you can afford it, you know your numbers.

Money isn't just about ROI. We can do things because we enjoy them, et cetera. I love getting people out of their heads, and I love hearing how Pablo truly internalized it. He knows exactly the difference between Pablo and Antonio. Then, you heard Monique start to compliment Pablo. By the way, did you notice how I redirected her back? She was very intellectual about it. Pablo is better. It's better when—I said, tell him, tell him, because when you are discussing money with your partner, you can never say enough nice things.

A lot of times, we feel we need to be efficient. Efficiency is overrated. When you are complimenting someone, you can take one minute, two minutes, five minutes, or 10 minutes, and it never gets old. Finally, there's something very conceptually powerful about the idea of going back. We all know the idea of going back home. In this case, I evoked that same concept for Pablo. He's already been powerful Pablo. So, it's not like he has to invent a new identity. No. All he has to do is go back home. Pablo's already inside of him, just waiting to be welcomed, waiting to be unveiled to the world again.

Pablo: There is an upcoming trip. We're going to Mexico City, and actually, it's timed perfectly, because we're going, I bought tickets to go see Formula One. I'm a big fan and Monique is getting into it. She's not a big fan. And then, she has her award show in Mexico City. So, the tickets, to be frank, they were \$2,000 or like \$1,000 each. I would say it would be completely fair that I covered the tickets, and then she would pay for housing and food in Mexico, which would make it equivalent, or probably even less. It would probably be like I spent two grand, she spends one grand.

Monique: First of all, I had no idea those tickets were, so it's two grand per person or?

Pablo: No, \$1,000 per person.

Monique: Ok. You went ahead and bought the tickets without me knowing about it and without knowing the price, and you're already expecting me to pay for all of the housing and all the food, which I had no idea about.

Ramit Sethi: How are you both feeling right now?

Pablo: I am feeling a bit frustrated, where I feel like once again, the commitment to partnership is not there.

Monique: Well, I just feel confused that he bought something without even talking to me about it and is expecting me to pay for all this stuff without even telling me about it.

Pablo: It frustrates me that I don't see the spirit of like, oh, thank you for getting that experience. I want to like to have the best time ever. Like there's not that initiative of, oh, you did this, alright, well, let me do this. It's like either this, well, let me just pay for a little bit, because a gentleman should pay for everything.

Monique: That's fine, but I did not expect Formula One to be \$1,000, I had no idea that I was going to have to pay for that.

Pablo: But you're not paying for it.

Monique: Okay. You're paying for it, but now, you're expecting me to pay for all of the housing and all the food. I thought Formula One tickets were like 300 bucks.

Pablo: Those are sold out, so we had to get those expensive ones.

Ramit Sethi: Pause right here. Who's speaking? Is it Antonio or Pablo?

Pablo: Antonio. Actually, no, to be honest, I think Pablo is speaking, because he wants a fair relationship and is standing up for himself. I'm not concerned about the monetary value. I'm concerned about the fact that we are not sharing an experience equally.

Ramit Sethi: What if the tickets had cost \$10,000?

Pablo: Then, I would say that's excessive, and I would not expect her to pay \$10,000 or the equivalent of \$10,000.

Ramit Sethi: I think she's saying that \$2000 is excessive for her. Do you hear that?

Pablo: I do hear that.

Monique: I'm just a bit blindsided because I did not know how much the tickets were. And so, again, I just wasn't expecting to spend that much. For this trip, I wanted to be fair on your terms, in Pablo's terms, and be 50-50. Yeah, I'm just a bit blindsided that you bought a 1,000-dollar ticket for me, so now, you're putting on the weight of all the housing and all the food, which I don't know if that's excessive or not, I'm just shocked.

I'm very thankful for you being thoughtful, and like buying the ticket, and wanting to share that experience with me, like I'm very excited. And once I learn more about it, I'm sure I'll be even more excited, but like it's just like a weird feeling to have you buy something for me, but then turn around, and be like, okay, since I bought this, I'm going to make you pay for all of the food and all the housing. So, it's like, you're not inviting me, you're making me pay you back in a different way, and that seems transactional and cold.

Pablo: Okay. I understand the way you see that. The way that you put it, I understand how you could think that I'm like giving you a small loan that you have to pay back.

Monique: Yeah, because then, it's like, I'm not, then you're not treating me, then you're not inviting me, then it's like, I'd rather just pay the 500 for the ticket—or no, that's a lot of money, I don't want to pay that, but like I would rather just pay the thousand dollars for the ticket, and then just go proportionally.

Ramit Sethi: Monique, how does it feel to hear what Pablo just said to you?

Monique: I already forgot what he said. What did he say?

Ramit Sethi: Why did you forget what he said, by the way?

Monique: Because I think I was like ready to respond.

Ramit Sethi: Yeah, you're saving up your response to jump right in, but he said something really important. Pablo, what did you say?

Pablo: I said, first of all, thank you for explaining how you feel. I do understand now that you explain how you may feel that way. And given that situation, I do understand how you may think that me buying you a ticket and making you pay for the whole trip is the equivalent of giving you a small loan that you have to repay.

Monique: Okay. Yes, I remember. Yeah. No. That makes perfect sense. Thank you. I just don't think that's fair.

Ramit Sethi: How does it feel to hear him say that?

Monique: It feels good to be recognized.

Ramit Sethi: When was the last time that he said something like that?

Monique: He'll say it when we fight, and a couple of days later, we'll like come to our senses and be respectful, and we'll be empathetic towards each other. So, it's often that he-

Pablo: I've gotten much better at it, I must admit. She has coached me to get much better at it.

Ramit Sethi: Great. And what do you think he would like to hear after he says something like that?

Monique: He would want me to express how I feel, to thank him for being thoughtful and for wanting to be equal.

Ramit Sethi: I think he wants to know you're acknowledging him for being candid.

Monique: Absolutely.

Ramit Sethi: And do you think your response acknowledged him?

Monique: No.

Ramit Sethi: No, you steamrolled right into the thing you wanted to say. You had it probably written out, you're ready to go. So, he's doing exactly what you said you wanted to see, which is what? Communicate and open up. But when he does it, what happens?

Monique: I did not respond gracefully. I just did not recognize his efforts.

Ramit Sethi: So, the two of you both, you, today, have articulated what a good 10-out-of-10 relationship would look like, what these conversations would look like, but you notice that when you have them, you revert right back to your old habits. So, this is why you have a very challenging road ahead. You have to change from the inside out and the outside in. And even when one of you does it, the other one may not notice it.

But in truth, the only way that you get where you both want to go is if you both are putting a ton of work into it. And the truth is, it's not going to happen every time, right? You two are not going to be dancing in unison. One is going to be a little bit better than the other at certain things, and you're going to have to help the other one along. But what I just heard right now was some interesting stuff. I heard some good communication. I heard some level of acknowledgment, maybe not from both sides. Those are things that you'll be facing as you go forward.

Pablo: But this is where we run into the issue of who puts their foot down and who relents. And the majority of the time, it's me, because as we've seen, she would like to have her way. And so, the way that I see it is that I do what she wants me to do, which is be empathetic, acknowledge her, understand her, and try to wrap my brain around it, even though I don't agree with it philosophically. I see it, I'm like, alright, fine, let's do this. So then, that's where it goes to the original point of like I concede, I concede, I concede, I concede. So, even if I make my point across, then it becomes a little bit hopeless, because like, well, I'm just going to say my part, but I know at the end of the day, I'm going to end up conceding.

Ramit Sethi: So, you two both have gone back to your corners of the ring. You're certainly explaining your way, and you're talking, and then you're looking up, and saying, does he agree with me yet? And then, no, keep explaining. And then, you're doing your thing, is she seeing it my way? Oh, nope, going to keep doing what I'm doing. Does this work?

Pablo: No. And it's not only this issue. It happens with a lot, if not all issues.

Ramit Sethi: Oh, you don't say, I'm so shocked. Of course. It happens when you're talking about a big trip that hasn't even happened yet, and it happens when you've got a dinner in front of you and the server just put the bill down. It happens at every level. What do you think the problem is?

Pablo: Two people wanting to get their way and not finding a good conflict resolution. No real compromise.

Ramit Sethi: There's no joy. When you look back on your discussion about Mexico City, what was the emotion you would use to describe it?

Pablo: Good old resentment and bitterness.

Ramit Sethi: Mm-hmm. And yet, you insisted it was Pablo talking, not Antonio. Chew on that for a minute. Yeah. This is Mexico City. It's a great city. It's got the best food. You're going to Formula One. You know all the places to go, the bars, all that stuff. And yet, it feels, as an observer, that you've taken a towel, and just wrung it dry, and there's nothing left. And the greatest irony is you haven't even gotten on the plane yet.

Pablo: Yeah.

Ramit Sethi: Before I go into this next section, I want to pause and I want you to internalize what I'm about to do. When you think about money, what are the words that come to mind for you? I've asked this question many times, the answers are very, very common. Not enough, save, save, save. It's very, very often scarcity-based. Deep down, a lot of you hate money. You hate it. When you think of money, it reminds you of not having enough.

When you think about money with your partner, you fight. When you think about money for yourself, you think about not having enough. And yet, paradoxically, many of us are addicted to the idea of money. You

hate it. If you hate money. It will be very hard to be successful with it. And if you hate money, there will be no joy in your conversations with your partner. That is what typifies all of the conversations that we've heard between Pablo and Monique, in this episode and last.

No joy, very little love, just aggressively butting heads, going to each other's respective corners, saying, I'm right, you're wrong, why don't you see it like me? I think money can be a big source of joy. I think it can be a source of jokes. I think it would be a source of adventure. I think it would be a source of opportunity. This is why you hear me on every episode showing people how to joke about money, and how to say, what's your rich life? Get into the vivid details for me.

If you hate money, if you constantly have negative conversations about it, it's going to be very difficult for you to work towards your rich life. So, watch what I do here to flip this entire dynamic and bring some joy to the conversation about money. Watch this. What if, for just three minutes, we lived in a different world? And this conversation is going to be joyful. I want you to just roleplay with me. Okay. The facts are the same. You've got the tickets. You make the same amount of money. But this time, what are you going to choose to do?

Pablo: Okay. So, I already got us dinner reservations, like two months ago at Pujol, which is one of the world-renowned restaurants. And I already have the schedule laid out of all the meals that we should have all the fancy restaurants, as well as all the street tacos and everything. So, I am super excited for you to try every single restaurant that I've savored over the years and I have every meal plan, and not only that, since I lived in so many different colonies or areas of that city, like I know where museums, I know where to go for a walk along the park. So, like in terms of entertainment and stuff to do, you don't have to worry, because literally, the schedule is going to be so jam-packed with fun activities, like you will have the best time of your life.

Monique: Well, that is so thoughtful. Like I obviously can't wait to go, and experience that with you, and have you show me around like a place that is so near and dear to your heart, and like have you show me the best of the best, and like just being so excited to show me and share that with me.

Pablo: And at the same time, we'll be able to get a little bit of exercise in walking in, and culture, so you can take amazing pictures for your Instagram and everything, and you'll be able to meet my family as well. And the best part about it is that we'll finally be able to take a trip alone, no pressure from the parents, nothing to worry about.

Ramit Sethi: Okay. You've done a great job selling, I get it, I'm about to go to Mexico City myself. Are we going to talk about anything else here or are we done? Is there any financial component to this conversation?

Pablo: So, I would like to discuss how we're going to fund the trip. I would like it to be fair, and I want to discuss with you what fair means to you. In your ideal world, what does fair mean? So, we're going to go to some fancy restaurants, we're going to go see museums. We're going to spend a little bit of money, but I promise you, it's going to be worth it. So, how would you like to cover this trip?

Monique: Yeah. So, since you make 103, I'm not good at math, and I make about 33-ish. That number could go up, me picking up shifts. I haven't been working, because I was traveling, so I'm happy to bring that number up, have more money for the trip, and contribute more to the trip. I'm happy to do that because I want us to have a really good time and not be restricted or negative. So, if you could just give me like a rough estimate of what it costs.

Pablo: We are looking at a trip that's going to be around \$4,000. So, why don't we do this? Why don't I pay for two-thirds of the trip and you can pay for one-third of the trip? And if it ever comes out that we go to an extra restaurant, which is fancier, we get reservations to a better restaurant, I'll take you, because it's your first time in Mexico City, so you don't have to worry about that. All you have to worry about is your proportional share of it.

Monique: I love it. I think that's perfectly fair and I appreciate that.

Ramit Sethi: You did a great job on that, Pablo. Spending a lot of time talking about why, you know I want to pick up the Formula One tickets, because you've never seen something like this, and I would love to experience it with you together. So, I want to get those tickets, because it's really meaningful for me that we get to do this together for the first time. I want to spend more time on that, than I want to spend on the numbers. Okay. I want to get that feeling right.

And then, of course, when we get into the numbers, I don't want to avoid them, these are real concerns, real numbers, and there are opportunities for us to work together, I want to simplify it, right? I've done the work behind the scenes. Monique, you should also have done the work behind the scenes for yourself. You should know how much you can afford, right? You put yourself in the passive seat of waiting for him to come for the numbers, but really, he's not the one who can't afford this, is he? The financial concern is more of a burden for you. So, how can you ask that question, in a way that makes you feel confident, powerful, and not weak?

Monique: Like how much can I contribute to this?

Pablo: That's amazing, because that puts a little bit of skin in the game, and it shows your willingness that you want to not take advantage of me, but be part of the trip.

Monique: And I've always wanted to be part of it. I just wanted it to feel fair and exciting.

Ramit Sethi: How do you feel, Pablo?

Pablo: It's good because at the end of the day, I just want to have fun and I want her to have fun and enjoy our first trip together. The end is not important, because like \$3,000 out of \$100,000 is not that much versus the experience that we might have.

Ramit Sethi: Wow, what a journey. Let me just recap what I learned in this two-part conversation with Pablo and Monique. Monique believed that the man should pay. She said he should pay because he's a gentleman. She also said, he should pay because he's older, because he makes more money, because he's pursuing me, he should be investing in me. Pablo saw money differently. He felt taken advantage of. He said we should pay 50-50, even though he made three times as much as Monique. Both of their attitudes stemmed from past experiences, the ways that they were raised, how much money they'd made in the past, and also, assumptions that they were making about each other. You rarely hear people being this honest about their money beliefs. Rarely. That's why this podcast is called the I Will Teach You To Be Rich podcast, real stories about love and money from behind closed doors.

But these are real beliefs. And it's not just Monique who believes it, it's not just Pablo. I know many people who believe this. I know lots of people who have the same beliefs. You might, too. I believe that part of a rich life is being honest with yourself. What do you believe about money? And then, being honest with the people around you. What are your expectations of money in your relationship? Have you ever articulated them? Hopefully, this set of episodes has allowed you to question what you believe and why you believe it.

As for Pablo and Monique, I wish them the best. They have some challenging times ahead because they have a lot of identities to rewrite, but I want to thank them for being so candid with me and with each other.

Podcast Episode 19: My husband has been promising that we'll buy a house in a few months... for five years

Synopsis: Brian is a struggling tech entrepreneur and relies on his wife, Serena, a physician with a stable income of \$235,000, to support his family. Serena wants Brian to get a job and admit that his start-up isn't working. She's extremely focused — perhaps too focused — on buying a house.

Brian doesn't like saying "No" to Serena, so he evades questions and promises that everything will change "4-6 months from now," but after seven years, Serena's patience is running thin.

Can you spot the red flags?

Listen to the resentment and distrust in her voice. Brian's promises to get a job and turn things around are falling flat. What's worse is that he can't even see it.

I'm not going to sugarcoat it; it's heartbreaking to watch a seemingly successful couple totally disconnected from each other.

I'm determined to get them on the same page. Tune in to see how their story unfolds.

We started the conversation focusing on Serena's dream to buy a house sooner rather than later, but it becomes apparent that the house is a distraction from the deeper desire to have a partner on the same page as her.

Podcast Transcript:

Ramit Sethi: Hi. I'm Ramit Sethi, and welcome to the I Will Teach You To Be Rich podcast. Meet Serena and Brian. Serena is a 39-year-old physician and Bryan is a 40-year-old tech entrepreneur. For the first three years of their relationship, they earned roughly the same amount. But now, Serena brings in \$235,000, while Bryan brings in \$65,000. Between the two of them, they have about a million dollars invested. So, what's the problem? Well, for the last five years, Brian has been pursuing a startup that hasn't taken off, and Serena feels that the time has come to accept that the company isn't working and that Brian should get a traditional job.

She wants to buy a house together. You're going to hear a lot about that house today. Brian wants to buy a house, too, but he keeps promising her that the startup will pay off. He tells her, it'll be in the next six months, the next six months, but he's been saying that for years. By now, Serena doesn't trust him anymore. Brian keeps saying that things will change. To start our conversation today, I asked Serena what she wished Brian would understand.

Serena: I would like to tell Brian that there is an opportunity cost to a startup that's not making any money for seven-and-a-half years. It's the third startup during those seven-and-a-half years. And by now, had he been working in a job that was generating income, we would have bought a house and moved on in life. I wish for the startup to make money for him because that is the dream that he holds so close, but since it hasn't and we've tried it out for seven-and-a-half years, I would say to get the job, buy a house, and then reconsider doing the startup, perhaps in a later stage.

Ramit Sethi: Okay. Brian, what do you wish that Serena would hear from you?

Brian: It has been a long seven-year journey, but I did do consulting gigs and make a decent amount of money for about four of those seven years. Yeah. I'm super excited to buy a house and looking forward to doing so in the next four to six months, so I'm looking forward to building that dream and realizing that dream together soon.

Serena: I've heard that before. For three years. So, I'm a little skeptical about the timeline. Plus, we don't even have a realtor, so clearly, we are not making any concrete moves toward that.

Ramit Sethi: Are you both going to buy a house in the next four months, Brian?

Brian: I'd love to do so in the next four to six months.

Ramit Sethi: Are you going to?

Brian: Yeah.

Ramit Sethi: Then, why are we here?

Brian: I'd say that Serena is worried that it might not happen, but I'm optimistic.

Serena: So, here's what I want to see, here's what I want to see, I've heard this three or four years in a row. So, usually, around the mid-year, we're going to have a house by December. We're going to move towards it. My startup is going to make money. I'm going to make the payment for the house outright. There's going to be no mortgage. And then, the years go by, right? And this argument, this conversation, I feel like we're sort of in a never-ending loop that nothing is moving forward, the years add up, and I'm getting more and more concerned. We have two little kids. I'll bring up all my anxieties about the startup. Where are we going? What's going to happen? When are we going to buy a house? And he'll tell me, in four to six months, we're going to buy a house, it's going to be all great. Everything is going to be together. And then, four to six months pass by, there's a new year, I'm going to get funding for my startup in the next three months, I put in applications, and then another year goes by. And along with each year, my frustration keeps mounting, because I feel like I'm not being heard. This is not a joint decision to continue the startup indefinitely.

Brian: COVID threw us off by quite a bit, so the last year, plus, has been slow. We've had a few pivots and technology challenges. We're working on a really hard problem and a hard product. So, it's taken much longer to build that love for the customers, but we have done that now and we have just gotten our pitch deck ready and redesigned to submit some of these applications. So, I feel like we're getting close to our patents being recently granted, and the customer love being built.

Ramit Sethi: Okay. For this huge problem in their relationship, the first thing I'm curious about is, what does this house mean to Serena? When people tell me what their rich life is, they almost always use vague words. They'll say something like, I want to travel or I want to do what I want when I want. I always push them to get more specific. It turns out that many of us haven't thought very deeply about what we truly want, and I can understand that. We're caught up in work emails, cooking dinner, and just trying to stay afloat.

Some of us just envisioned our lives being a certain way, but we rarely stop to reconsider that vision as we get older. Imagine you go through life with some vague idea of what you like, never stopping to question it or clarify it. I think that's a tragedy. It's like floating down the river of life but never choosing your path. And my job is to give you the perspective to zoom out of the day-to-day and design your rich life. Watch as I dig into the real reasons behind the house.

Have you ever asked her what a house means to her?

Brian: No, I'd like to hear it again.

Ramit Sethi: Ask her.

Brian: What does a house mean to you, Serena?

Serena: I think having my place with—I wanted to sort of buy now at this stage in my life, have a house to call my own, to do up, to raise the kids in. This is the third house that we've moved and just that sense of having roots down, that we belong to a place, we have something to call our own would have meant a lot.

Brian: Has he asked you any questions about money during your relationship?

Serena: Funny you asked; when we were dating, I was still in residency and I made very little, but he'd been working for nine years, and so he wanted to see my credit score, make sure that we were all no debt. And he taught me all about how to invest in the Roth IRA. I knew nothing about that. And yeah. And then, he made some jokes about me being his retirement plan, and I have a bad feeling that it's happening. So, that's the extent of our money conversations. But after the start-up, it's mainly been me. After three years of supporting him for the startup, it's mainly been me asking, what's the end goal?

Ramit Sethi: And when you ask him, his mode of response is what?

Serena: When I ask him, he's always very placating, he would say, yes, in three to six months, we're going to do this, I'm going to get funding, it's the same thing.

Ramit Sethi: Mm-hmm. And how does that feel to you?

Serena: The first time I heard that, I felt like, okay, maybe I'm being pushy, but it could be only the next two or three months, things will work out for him. But the second time, I thought, okay, maybe, maybe finally, this time. By the third time, I started thinking it's a delaying tactic, it's just one way of sort of saying the right things, but not doing anything about it. And then, by now, we're three, four years down this battle, and it leads to very heated arguments and a lot of angry words for, otherwise, pretty good relationship.

Ramit Sethi: Brian, what do you think, hearing this?

Brian: I agree with her concerns. I think that her attitude in general is negative at times and am a very positive person in general, so there's a little bit of conflict.

Ramit Sethi: Does she have a right to be negative about money?

Brian: Yeah, she does.

Ramit Sethi: How much is the house that you want to buy?

Brian: 1.4.

Ramit Sethi: Okay. 1.4, fine. So, you want to put down, what, \$300,000 as a down payment?

Brian: Right.

Ramit Sethi: Okay. And your savings right now are 110,000. Your total investment is just over a million bucks. So, Brian, you mentioned that you may hopefully get the house in three to four months. Where would the money come from?

Brian: A couple of options. One is we're starting to pursue a small acquisition for our technology. And if that comes through, we would get a chunk of money. The other option would be, we raise funds for our startup, and then we have two stable incomes. So, we do have a little over, like a certain portion, like a buffer amount over the 20% down, plus the closing costs, but if we put that all down today, we won't have much of a cushion left.

Ramit Sethi: Doesn't sound like you can do this in three to four months, would you agree, Brian?

Brian: I'd say if we get a small acquisition, or fundraise, or if I get a job, I guess either of those three things becomes true in, we should be able to get the house.

Ramit Sethi: I notice that you never say no. Have you ever noticed that, Brian?

Brian: Sometimes, yeah, that could be the case.

Ramit Sethi: Have you ever said no to Serena?

Brian: I have.

Ramit Sethi: Mm-hmm. What's an example?

Brian: Yeah. I'd say one example is for this podcast, my first response was no.

Ramit Sethi: Wait, but you're here right now with me.

Brian: Right. True. Yeah.

Ramit Sethi: What's another example where you said no to her?

Brian: So, a no that's stated no, or converted to a yes, or doesn't matter.

Ramit Sethi: A no that's stated no.

Brian: A no that's stated no, I'd say, as she said, let's buy the house in the last few months, and I said, no.

Ramit Sethi: No, you didn't say no, you said, we're going to buy it in four months.

Brian: Right. But yeah, I said her question was like, shall we buy it right now, like today, for example, and I said no in the last few weeks.

Ramit Sethi: And then, what did you finish that sentence with?

Brian: I said, no, not now, we will buy it in the next four to six months.

Ramit Sethi: Okay. You see what I'm getting out here?

Brian: That I have a hard time saying no.

Ramit Sethi: Yeah. What do you think that causes in your relationship?

Brian: Differences, rift, and a little bit of conflict.

Ramit Sethi: Yeah. Watch this. Serena, does he have a problem saying no?

Serena: He said no to me many times about finding a job. That has stayed a consistent no.

Ramit Sethi: Wow. Okay.

Serena: He said, I don't want to be in the "rat race". So, that has stayed a consistent no. But these days, though, he says, I will find a job, I'm talking to a recruiter, but it's sort of in the same way as I will buy a house someday in the far off future.

Ramit Sethi: The inability to say no is a huge red flag. Oftentimes, it's a people pleaser and/or someone who desperately avoids confrontation at all costs. It's often cultural. It's almost always taught from childhood. People lie to themselves all the time. We tell ourselves we'll go to the gym and we don't. We tell ourselves we'll start managing our money and we don't.

Over time, you stop trusting yourself. You know that you're lying to yourself as you make yet another commitment that you're going to break. Now, imagine how this affects a partner who can't trust what you say, and it's made even more confusing here because you never really say no. That means you get to stay the good guy. Instead, you just say, we'll do that later.

Brian: It is impacting our relationship. We have a pretty strong relationship, but I'd say 10% of it is impacted like because of this. We agree on a lot of other things and we have great fun doing a lot of the other things. But this specific part, the 10%, is severely impacted.

Serena: I think it's put a great deal of strain on our relationship. I wouldn't say 10%. I think that we've had some epic fights. We had to delay. After all, he didn't want to have a second child, because he still wanted the startup to sort of take off. After all, when you add another child into the mix, it takes away time and energy. And we were both in our late 30s, and I didn't want to delay that, because it was what we had discussed before, the family size and all of that. So, that was a big fight again. And so, I feel like for each of these happy milestones in our life, it's like sort of colored by this background, where there's this push and pull, I'm pushing, and he's pulling, and it's not sort of we arrived at these decisions together harmoniously.

Brian: And Brian mentioned, maybe it's 10% of the relationship. What would you say it is?

Serena: To me, I think it's over 50%.

Ramit Sethi: Brian, that's a big difference.

Brian: Right. It is.

Ramit Sethi: What does that make you feel when you hear that?

Brian: Surprised.

Ramit Sethi: Where do you want to go next, Serena?

Serena: I want to sort of go, okay, so if it's hard in three to six months, when do you think it's going to be possible? And do you have a timeline that you think you could stick to?

Ramit Sethi: Did you catch that question that Serena just asked? She said, when is it going to happen? Now, I guarantee you, Brian is going to interpret this as a logistical question. He thinks Serena is asking about dates and dollar amounts because her words had things like a timeline in it. If he answers that way, she's going to respond with more questions and they're going to be dragged into the logistical weeds. Both of them are going to end up frustrated. But look deeper.

That's not what she's asking. Deep down, deep down, she's saying, Brian, I don't trust you, can you give me a reason to trust you? She's crying out for reassurance. She's looking for some evidence of trust. In love and money, we have to look beneath the surface of the words. In love and money, our words matter. We should choose our words carefully. And if we're the ones listening, receiving those words, it's our job to look beneath the surface. Watch how he interprets her question.

Brian: I'd say with a year's worth of two stable incomes, two pay stubs, and a little bit more in savings, we could get there by the end of 2022.

Ramit Sethi: Serena.

Serena: And so, how are we going to get that income?

Brian: I would have to take up a job soon, let's say, in the next four to six months if nothing works out with the startup. So, we can then-

Serena: So, we're back in that loop again, like that next four to six months, I will find a job if nothing works out with the startup. In the next four to six months, we will be in Jan. 2022. I wouldn't do that, though.

Brian: Sure. I would prefer to give it like one last shot at the startup because we've made a lot of progress in terms of efficacy, customer love, IP, and getting granted. And with three-plus years of effort in the bootstrapped startup, both for myself as well as my co-founder, to be fair to him, I see two options. One is like take up a job soon and pursue that on the side, which might be hard time-wise. The other option is to give it like one last shot and see if something can happen. And I think we're close given-

Ramit Sethi: What is the dynamic between the two of you right now, Brian?

Serena: I think we're playing out the pattern that we have been trapped in for so long.

Ramit Sethi: Correct. What is that pattern?

Serena: I'll ask, he'll say six months from now.

Ramit Sethi: Correct.

Serena: I'll say now, he'll say, I'm so close. And it's the same thing.

Ramit Sethi: You two are playing the same pattern over and over, you're doing the same dance over and over, and you wonder, why do we end up in the same place? I like this discussion. I think it's great. You're making big progress. But what if we completely flipped the dynamic?

Brian: So, Serena, you have been talking about the beautiful 1.4 million-dollar house, when do you think is a good time we should buy it?

Serena: I would say as soon as possible. The rates are increasing every year. And I would rather put it towards mortgage rather than rent. What were you thinking?

Brian: That sounds good. I'd like to work towards that build-up a little bit more in savings, so we can do that soon, in the next six to 12 months. I'm excited about the amazing house and a place that we can call home.

Serena: I don't know. I still feel like it's going to be six to 12 months, and you're going to be putting in savings, but what's the plan?

Ramit Sethi: Ask him a question. It's very easy to talk about what's not working, but a better approach is to ask a good faith, open-ended question. Go ahead, Serena.

Serena: Okay. So, you're saying that we'll be buying the house in a year. And then, how do you see us funding the down payment?

Brian: Right. It would be like cashing the liquid assets, and then having two stable jobs and paychecks to be able to get the best mortgage rates.

Ramit Sethi: Brian, answer the question, you know what she's asking you. What is she asking you?

Brian: So, we could get that with two jobs and two reliable incomes.

Serena: So, do you see yourself finding a job? Is there a job that you have identified that you will be starting soon?

Brian: There's a few that I've been looking at and talking to a recruiter as well, so I could pursue that, submit the application, and start interviewing.

Serena: Okay. Do you see that happening? When do you think that you would be done with the process of recruiting and starting the job?

Brian: November.

Serena: Oh, that's pretty soon. I'm glad that you found a job that you like and that you're thinking that in November, you'll start. I feel like we'll be close enough to get the house at the end of next year.

Brian: Right. I feel that she is more comfortable, less anxious, less worried, and also excited about the house.

Ramit Sethi: What about for you?

Brian: I'd say I have a little bit of mixed feelings, but I'd like to be supportive, and then do what's right and best for our family and the two of us.

Ramit Sethi: Can I try to play a role in this dialogue?

Serena: Of course.

Ramit Sethi: Alright. I want to ask the questions that neither of you are asking.

Serena: Sure.

Ramit Sethi: First, I'm Serena. Brian, I'm so happy that you are open to getting a house, but I'm really surprised that you're just agreeing to get a job. You've resisted getting a job for four-plus years, and suddenly, you're saying you're going to get a job in the next two months. How can that be?

Brian: Right. It's more about realization, and getting independent advice and perspective that has helped me reach the right conclusion.

Ramit Sethi: What is the conclusion?

Brian: That I need to find a job, so we can afford a house comfortably.

Ramit Sethi: But what about your startup?

Brian: I could pursue that on this side and funded through the additional income.

Ramit Sethi: I thought the income was going towards the house. Pause right here. Serena, what do you notice I'm doing with my questions? I'm not trying to trick him into buying a house. You'll notice that. The last thing you want to do is back him into a corner, and then be like, got you, you said you're going to get a house. That's not what we want to do. I'm asking questions that disconfirms the hypothesis. Brian, back to you.

Brian: I'd say that it would grow slower if I pursue it part-time, and yeah, or I could just quit doing that and focus on the job, the new job once that starts.

Ramit Sethi: Mm-hmm. Which one do you think, how would you make that decision?

Brian: Based on the work-life balance and time balance, where I would prioritize family. New job, and then the last, if there's any spare time, would go to the startup.

Ramit Sethi: Okay. I hear you. How much time per week would you need to give to the startup for it to be meaningful?

Brian: I'd say 10 hours or so.

Ramit Sethi: Okay. Ten hours a week. So, given that you'll have a new high-paying job, let's assume that it's going to be pretty demanding, especially at first. And so, that's how many hours do you think, Brian, per week?

Brian: Forty-five to 50, roughly.

Ramit Sethi: Great. Forty-five to 50 hours. And then, how much time do you want to spend with the family?

Brian: Weekends, Saturday, Sunday, so let's say 20 hours or so.

Ramit Sethi: Okay. Great. And so, how much does that leave you to spend on the side business for now?

Brian: Not much. Almost zero, to zero.

Ramit Sethi: Okay. Yeah. So, what decision do you want to make, not do I want you to make? What decision do you want to make?

Brian: I'd say spend time with family and the new job. Focus on those two and just do those two.

Ramit Sethi: Okay. Listen to Serena's response. This is the moment that was heartbreak for me.

Serena: To be honest, I'm not confident, but it was nice to see a better way of having a dialogue.

Ramit Sethi: Brian, ask her why?

Brian: Why are you not confident?

Serena: Because I kind of, even when Ramit was asking you the questions, and you were giving the answers, and you were learning to say no or being realistic, I could hear the pain in your voice about like letting go of the startup, the pain to kind of want to start a job, and I feel like in the end, you're going to go with the startup.

Brian: I see. I have already started talking to a recruiter and looking at the jobs that are kind of interesting nearby, so I hope those factors would build more confidence in you.

Serena: Oh, thank you. Thank you for like talking to recruiters and looking for jobs nearby, but I feel like I've heard that before as well, for two years now, so it's hard. I think like it'll be hard for me to believe what you're saying until I actually see them, sign a contract, and then move towards a job. And I'm not even sure, personally, if a job is the solution to get the house. I think what's missing is perhaps us no longer being able to collaborate to help each other, fulfill each other's dreams.

And I feel sad about that. But I no longer hold belief in the startup providing us the life that you hoped it would. And you kind of are not ready to let it go yet, and I understand that, but it's hard. I have to be this pushy person like for everything in the life that we're building together, to constantly remind you what this is like, both of us wanting to do it together, having the initiative, because that's what we have discussed.

Ramit Sethi: The real problem is not the house, do you hear that? It's not the house. Part of living a rich life is being honest, honest to yourself, and honest to the people around you. The real problem here is not the house.

If you buy the house, do you think that this dynamic will magically change?

Brian: No.

Serena: No, I don't.

Ramit Sethi: So, you spent seven-and-a-half years, she's chasing you, you're evading, you finally save up \$300,000, you buy this dream house, \$1.4 million, and you're in this big, beautiful bedroom, and you look at each other, and you realize, oh, my God, we still have the same dynamic, we just have a bigger bedroom.

Serena: No, I hear you, I hear you.

Ramit Sethi: Is it the house that's the real problem here?

Serena: I don't think so. I don't think so. I think it's the shift from the sort of partnership that we had thought we would have to what came to fruition. And the pressures, I think, of being a startup entrepreneur, but also like having a young family. Yeah. And also, as a working mom, the pressure is because of the startup, and a young family, and needing to be the pushy sort of partner leaves you being the person that you did not imagine yourself to ever be, where I'm sort of being the pursuer, I'm like pushing and pursuing, and I don't want to be that person who is chasing my husband down to keep up with promises or things like that. I would hope that we both wanted the same thing, and we're going to work towards it and get there together. And if we are not seeing eye to eye on that, then I mean, I would hope that we could figure out a way to realign, but we are not able to do that.

Ramit Sethi: Brian, sounds pretty serious.

Brian: Yeah, it does.

Ramit Sethi: I think the two of you have become so fixated on this house that you've forgotten what the purpose of your relationship is. The purpose of a relationship isn't to have a house. You can have a house or not have a house. In the grand scheme of things, you two could die very happy without a house.

Now, would you like to have one? Sure. Should you get one? Maybe. That's up to you two to decide. But if you get the house six months from now, is your happiness level in the relationship going to change? No, maybe for a month, but the dynamic will not change. It'll buy you a little bit of time, it's not going to change anything. There's a larger problem, and while you two have been fixating on this house, and chasing, and pursuing, and evading, the house is the thing that you were both circling, but it wasn't ever really the point. The big challenge is your dynamic: are you two partners or is one of you always going to be chasing the other one?

If you can change that, then all the other details fall into place. You can get the house whenever you want to. You both are high earners. You can decide, do we want to get it in six months or do we want to get it in 18 months? No problem. That's up to you. You can decide what kind of family life you want, what kind of child care, what kind of vacations you want to take, family dynamics with others. All of it becomes just a detail if you have this shared vision. If you don't, you're going to keep chasing and evading for the rest of your life. What do you want to do?

Serena: I'd like to work for us towards being partners.

Brian: Me, too.

Ramit Sethi: So, let's do it. How do we change the dynamic from this to a partnership? Brian, what do you think?

Brian: We could come up with a combined set of goals, vision, how we look at things, perhaps in the next year, five years, 10 years, and align that, and then work together collaboratively to see how we can get there in the next one, two, five, 10 years to realize those dreams together.

Serena: So, since we've spent the first seven-and-a-half years trying to fulfill Brian's dream, I would hope that the shift wouldn't be like a five to 10-year goal thing, but maybe, now, trying to see how we could like to fulfill some of the other things which got left behind as we were pursuing the startup.

Ramit Sethi: Serena, I hear you loud and clear, and I hear the resentment in your voice, but I think it's going to be difficult for you to become partners if you're living in the past. It's very hard to take someone who has thought of him or herself as an entrepreneur and tell them to get a job. It feels like a loss. It feels like you lost and you're having to crawl back to getting a job. Oh, if I just had one more month, I could have made it, if I just had this one more deal, we could have done it, but you forced me to quit, and so I'll never know.

That's a bad resentment to fester. I think a better approach is to say, look, you're an entrepreneur, I understand that, all I'm looking for is some guidelines. It's gone on for three-and-a-half years, I want you to have a full chance at succeeding in this, but I also need us to come up with a very clear set of rules. If you don't have Series A funding of at least \$2.5 million by this date, you find a job. If you cannot provide X, Y, and Z dollars to the family, you find a job, et cetera, et cetera. Clear rules, and then you negotiate, how is it going to be? Well, I think I need six months for that. Six months is too long. How about two-and-a-half months? Okay. I can make that work, and everybody gets the chance to weigh in and commit to it.

Serena: We had those conversations exactly like how you said? We said, okay, three years was what we had agreed on. And after that, those three years are long gone, but we're still here. So, those conversations are not working out, because somebody needs to keep their end of the bargain.

Ramit Sethi: What, they already did this? I mean, what am I doing here then? I love how every time I'm talking to these couples, these bombshells just drop hours into our conversation.

Brian: That is partly true. I did consulting for the first three years, so the last three years have been hard with this new startup in terms of income has been less, et cetera. But I like your idea of probably writing it down on paper, like with the C o series a milestone, two-and-a-half to three months, something like that, and then that's an option.

Ramit Sethi: Okay. I'm sure you'll write it down, but did you already have this conversation you agreed?

Serena: Yes, we did. We had that conversation. We agreed because I was exactly afraid of the same thing if I pushed, I would have a very resentful partner. But seven-and-a-half years later, I am resentful. So, there is a resentful partner, it's just not him.

Brian: Right.

Ramit Sethi: I guess I'm more concerned if you already had this conversation, then what's going to change having it again?

Serena: Right.

Brian: Right.

Serena: That's my concern, too.

Brian: Right. That's a valid concern.

Ramit Sethi: Brian, if you're not following through with what you agreed to, that's a really bad sign for your relationship. There's no integrity there. And when your partner doesn't trust you, the one person in the world who needs to trust you, so what do you want to do about it, Brian?

Brian: Right. I'd say regain the trust, rebuild the trust.

Ramit Sethi: Yeah, if it can be rebuilt.

Serena: I'm curious to know, how are we going to be saving towards that house?

Brian: Sure. I'm confident that I would get a job, especially after getting Ramit's amazing advice, so we could work towards a 50-50 partnership.

Ramit Sethi: Serena?

Serena: That sounds promising. That sounds very promising.

Ramit Sethi: Brian, what are you hearing in her voice?

Brian: Confidence, promise.

Ramit Sethi: You hear confidence? I don't.

Brian: I'd say it was more confident than the last time.

Ramit Sethi: No, no, no. These are the words of someone who is just not listening, someone who's become so tunnel vision-focused that he's not watching the entire room around him go up in flames. It is hard to reach these people. And even when disaster finally strikes, they often never realize their true culpability in their circumstances, because they're incapable or unwilling to listen to their partner's concerns. This is a huge red flag. What do you think is going to make Serena confident? She's not confident right now. She's very skeptical of you.

Brian: A job offer.

Ramit Sethi: How would you describe that, Serena? What would make you feel that confidence?

Serena: When I hear in Brian's voice the excitement and passion to go start a job, sign a contract. And every time he talks about getting a job, you can see the hesitation in his voice, it quivers. And so, I get the sense that he may not yet be ready for that. It's a long-held dream of his, I get that, and it's hard to let go.

Ramit Sethi: This conversation made me so sad. Maybe it's hearing that distrust in Monique's voice, maybe it's being an entrepreneur, like Brian, who knows what it feels like to be afraid of failing. Maybe it's just that I know couples who fight like this. I hate meeting a seemingly successful couple who's just totally disconnected from each other. There's so much pain in this relationship, so much living in the past, and I get it.

Lots of reasons for that. When your trust is violated over and over, you stop trusting. In this episode, you have heard Monique ask about the house. You might notice that I didn't sit there and ask her five million questions about buying versus renting, and has she run a TCO analysis because buying a house is not always the best investment? I didn't say any of that. There's a time and a place for that kind of discussion, and this was not it.

Deep down, Brian and Serena both know that buying a house is not going to change the actual problem. It's just a proxy. Serena wants a partner, someone who's by her side, someone who pushes her and partners with her, not someone she has to convince, berate, and drag along on her vision of life. Brian is an entrepreneur. To him, the idea of working a full-time job feels like a career death. Don't dismiss that. It's important to him, but he has to recognize how much that belief is costing him.

As he continues believing that story, and it is a story he's telling himself, his relationship is deteriorating. Some relationships can be healed. For others, it's too late. I wish Serena and Brian the best.

Podcast Episode 20: My wife is going to divorce me unless I can stop being so cheap

Synopsis: Charles and his wife, Michelle, are worth \$10 million, and he earns over \$2 million a year—but he's cheap. So cheap, he still insists on sharing someone else's Netflix password.

Michelle has been pushed to the limit. Divorce is on the cards unless things change. She wants to start with landscaping the backyard, but I want to investigate the roots of this invisible script that's costing him his marriage.

There's 21 years' worth of scar tissue to heal here. Let's dig in.

Podcast Transcript:

Ramit Sethi: Hi. I'm Ramit Sethi, and welcome to the I Will Teach You To Be Rich podcast. I recently got a message, and I have to read it to you, here's what it said, we have a 10 million-dollar net worth and a 2.5 million-dollar income, and we still share a Netflix password. Please help. My wife of 21 years is threatening divorce. Well, today, I'd like you to meet Michelle and Charles. Both are in their early 50s. And as I looked into their numbers, they earned more than he initially mentioned. They make \$3.1 million per year, mostly from a full-time job, but also from sitting on boards and investments. Their total assets are \$11.3 million, with a couple of million bucks in mortgages, and yet Charles is cheap, so cheap that his wife, Michelle, has threatened divorce. And on today's episode, you're going to hear about their landscaping, their travel, and their children's mattresses.

This is one of the most fascinating conversations I've ever had about money. As you listen to Michelle and Charles, it's going to be easy for you to get mad. At some point today, you're going to scream out loud, if I was a multimillionaire, I would never worry about money, but I want you to stop thinking like that. When was the last time you heard real people with over \$10 million talk about how they feel? Never. First, we should congratulate Charles and Michelle for being courageous enough to talk to me.

And second, the real lesson is that if you feel nervous, anxious, or fearful about money, you're still going to feel that way even when you have \$10 million. One last thing, you can only hear conversations like this on the I Will Teach You To Be Rich podcast, so please tell your friends about this. Now, let's get to it. Charles, you sent me a message recently, and I would like to read off the message, and ask, what was going on when you sent that to me? So, you wrote, we have a 10 million-dollar net worth and 2.5 million-dollar income, and we still share a Netflix password. PLEASE HELP, in all caps. My wife of 21 years is threatening divorce. Charles, what was going on when you wrote that message to me?

Charles: We're having a very toxic discussion about money. It's very argumentative. And I have my views about money. Michelle has her views about money. And I could frankly say that I have been unfair. I've been selfish. And I want you to help me in two ways. I want you to help me, and give me the tools to talk to my wife about money openly and transparently. And number two, I want you to teach me how to live a rich life. I know you say you can't help cheap people, but I am cheap. I'm frugal, I am cheap. There's no mistake about that. And there are certain things that I feel I don't want to spend money on, right? Like I bought a fancy car a couple of years ago, paid all cash. It's a fancy car. I'll invest in that. Like the car, it was more like luxury, right?

Michelle: I mean, is a Tesla luxury because I didn't look at that as a luxury? I mean, he's a tech executive who bought a used Tesla with the lowest battery power. That's not a luxury to me. He originally signed up for the 35,000-dollar Tesla until we found out what the actual body looked like, and then he like upgraded it a little bit.

Ramit Sethi: This sets the tone for today's episode. Charles thinks one thing. Michelle thinks another. Both of them are extremely confident about their perspectives. This isn't like talking to two people who are ignorant about money, and shy to talk about it. Not at all. This is going to take a different approach from my end. Listen in.

Charles: I paid a lot of money to renovate the garage, to work out in the gym, I paid money for that, but I'm not going to pay more than a certain amount of money for a pair of jeans. I'll buy it from Costco, right? I don't value the jeans or some shoes, et cetera. There are probably more areas where I'm cheap and a lot fewer areas where I am a bit extravagant.

Ramit Sethi: You like being cheap?

Charles: I don't. I think that it's been wearing on me, because I tend to think about price and money too often, and I found myself just stressing myself out too much.

Ramit Sethi: When you get a good deal, what does that feel like?

Charles: It feels great. Like I'm an investor, when I get a great rental property, I love it. When I get a great deal I go to the dollar store, I load up on good deals there, I just love the feeling, the fact that I got a good deal.

Ramit Sethi: You got a 10 million-dollar net worth, you walk into the dollar store, what are you getting in the dollar store, by the way?

Charles: So, the thing where I find good value in the dollar store is light bulbs, batteries, and frozen fruit for my smoothies. When I compare, I usually shop that at Whole Foods, it's almost 2X.

Ramit Sethi: I just have to make a guess. Is it blueberries that you're buying at the dollar store? Man, what is it about rich people and blueberries? Do you know how many rich people I've talked to, who will not pay more for blueberries? This is crazy. Alright. We're going to have to get into that another time, but there's something cosmic going on here. Okay. So, you walk out, you got your bag with your light bulb and your blueberries, and what are you feeling when you walk out of there after making a seven-dollar purchase that otherwise would have been \$21 somewhere else?

Charles: It's that feeling of money well spent like it's not wasted. And so, I feel that I cringe whenever Michelle throws food away because it's money down the drain.

Ramit Sethi: I have a suspicion here. I want to know about the people around him, like who is he sharing this feeling of getting a good deal with? Who's reinforcing it? Is Michelle in on it, too? And do you share that feeling with anybody else?

Charles: What do you mean?

Ramit Sethi: Like do you come home and tell Michelle, oh, my God, look at this deal I got, or is it just for you?

Charles: I tell Michelle often, but she doesn't quite like get as excited as I do, so I'll tell my other friends, like I got some college buddy's usher that made deals with, they appreciate it more than Michelle does.

Ramit Sethi: Michelle, I'm curious to hear what it's like when Charles comes home with this bag of light bulbs and tells you about the price that he got on it. Have you had this experience before?

Michelle: Initially, when he would come home from the dollar store, I would just kind of laugh and just chalk it up as that's another notch of his cheapness, and I would swear that I would never do that. I mean, I'm a Whole Foods kind of girl. But ironically, I went one day, and I was kind of, wow, this is a good deal. But there's a caveat. It depends on what you get, because to me, cheap at what cost? So, certain things were just not brand names that there was a cost to that. Frozen fruit, that's the same everywhere. But even though there was a good feeling about it, it was on very few items. And I just figured you know what, that doesn't affect me. If he wants to shop at, a dollar store, that's fine. It's not something that I want to do regularly, but I wasn't as affected by that as I am by other things.

Ramit Sethi: When I have these conversations, I'm always looking for a clue that's going to open up something deeper. It's like finding a secret entrance in Super Mario. If I find it, it can take me to that secret underworld where the real truth is. I suspected that Charles's cheapness might be motivated by people around him, but that's not it. So, when you're talking about money with your partner, it takes a lot of gentle searching for clues. But notice, if you can't find it, just move on. That's what I'm going to do right now. I'm going to switch approaches and I'm going to try to find out when this started affecting their relationship.

Michelle: Before marriage. So, the night before our marriage, we're planning the wedding, and everyone's responsible for whatever thing, and he comes to me the night before the wedding, and says, did you bring

your checkbook? I'm like, no, in all the frenzy, how can I bring my checkbook? I was like, why? He's like because you have to pay the musicians. I'm like, what difference does it make? We're getting married tomorrow. And that stuck with me. I almost called the wedding off, because I just felt like, we're getting married, we're going from separate to joint, why would he ask for my checkbook? And so, that's been the theme for 21 years. Sometimes, I refer back to that, like the checkbook moment, and that's been a problem. So, this started very early. For me, there was never enough being with my husband. It felt like we were always in deficit. So, even though most people are broke in college, I don't think he was broke, I think I was only the broken one. He's never been broke in the sense of like lack of money. I think it was just this feeling of, we don't have enough, we don't have enough, but the numbers always showed that we did have enough. He would always make me feel and put this buzz in my ear that it's not enough, we don't have enough money, we have to be more frugal.

Charles: I think that's fair. I think that looking back, I had more of a scarcity mindset as opposed to an abundance mindset. But I think the biggest difference was like, I'm very intentional. And so, in my mind, if there's no agreement or a plan on how to spend the money, then there's no cap. And so, I get worried. And so, if you say we're going to spend 100 bucks on groceries or whatever, then that's 100 bucks, I'm good with that.

If you say I don't want to agree on that, I'm going to spend whatever I want, I'm going to be nervous, because every expense, like when is this going to end? And so, that's kind of what led to, I guess, the friction between spending plan, no spending plan, being frugal, and kind of having that scarcity mindset. There was never in my mind an agreed-upon plan on how we want to spend the money.

Ramit Sethi: There are so many insights in what we just heard. Michelle mentioned that she's felt this sense of scarcity since the day they got married. When you're young and you don't have much money, that makes sense, but a lot of us hope that once we're more financially comfortable, that scarcity will change. What you're learning is that simply adding more money doesn't automatically change your feelings about money. Then, you heard Charles say that he wants a plan.

He used words like worried or I'm going to spend whatever I want. Notice how emotionally charged these ideas are, nervous, friction, when is this ever going to end? Also, notice how it's all focused on what can go wrong, but it's never focused on what can go right, and \$10 million later, he still feels the same. Okay. Let's play this out for a second. Let's take jeans. I'm going to give you a couple of different plans and you tell me how you feel about it.

Charles: Okay.

Michelle: Alright. We're going to spend 50 bucks on your next pair of jeans. How do you feel?

Charles: That's okay. It seems okay.

Ramit Sethi: Okay. We're going to spend \$250 on your next jeans.

Charles: I don't think it's worth it. I wouldn't do that. Why is that? I think that that doesn't feel like a good way to spend 250 bucks. I'd rather spend it someplace else.

Ramit Sethi: Like what?

Charles: I've been looking to get to some AirPod Pros to help with my conference calls at work, and so I'd prefer to spend money on that, and then go without jeans.

Ramit Sethi: I'll tell you what. We'll get you the AirPods and the 250-dollar jeans. How do you feel about that?

Charles: Again, I think the AirPods may be worth it, but the jeans, it just seems like it's a waste of money.

Ramit Sethi: Okay. So, it's not the plan, it's the amount as well.

Charles: I think so, yeah.

Ramit Sethi: Because I just gave you a plan, I told you exactly how much we're going to spend, you were not having it.

Charles: Yeah, I think that's right.

Michelle: The most dangerous three words that I've heard for 21 years is, in my mind, it's whatever he makes up his mind. So, in his mind, \$50, \$250 is too much for jeans. It's not based on anything. It's not based on him shopping and seeing the different ranges. It's not based on analysis reports on jeans. It's just in his mind, that's too much. So, he has like an internal compass of what things should cost versus what they really cost or what the quality of it costs.

Ramit Sethi: You ever heard stories about people who go out with their parents, and they go to dinner, and their parents are still tipping like 5% or 10%, and you're just like, no, dad, can't do that anymore, here, I'm going to slip an extra 20. Have you ever heard stories like that?

Charles: Yeah, I have. Yeah.

Ramit Sethi: Do you think that that's possible for your internal compass around things like jeans?

Charles: Yes and no. I think that there are two parts to it. One is the internal compass could be updated, but I think that there are certain things that I just don't put a value on and some things that I do. And so, I think it's a combination of both of those things.

Ramit Sethi: That was a very good answer from Charles. It was very logical, what he said. Did you catch it? Hey, sure, I could probably update my internal compass, but also, I just value certain things and I don't value other things. Sounds so logical, right? That comment would slide by 90% of people, but there's just one problem, Charles's wife is about to divorce him. All the logic in the world is not working. Watch me now as I sharpen my questions so that he starts to truly internalize the consequences of his beliefs.

Ramit Sethi: Fair enough. I agree also. There are certain things I just don't care about, and some people look at me like, why would you not buy that? You can easily afford it. And I just don't care. It's not important to me.

Charles: Exactly.

Ramit Sethi: Sp, my question, Charles, is what is the cost of your beliefs?

Charles: I think it's costing me quite a bit because I think that I want to have a partner in my marriage when it comes to the money and the investments. I want to be able to work with somebody to do that, and my beliefs have caused a huge wedge between my wife and I. And so, it's cost me quite a bit. It's costing me harmony in my home. It's costing me my wife's happiness. And it's costing me a lot of stress. And so, that's why I'm trying to figure this out. So, it's costing me quite a bit. I hope it's not too late, but I want to turn this around. I want to loosen the purse strings. I want to start to provide my wife with the things that she wants, and I've been trying to do this on my own, but I've been having trouble. For example, I tried to do your 100-dollar challenge, I turned it into a 1,000-dollar challenge, and I failed miserably. I couldn't find anything to spend 1,000 bucks on.

Ramit Sethi: You couldn't find anything to spend \$1,000 on.

Charles: No, I failed. Yeah.

Michelle: His idea of spending is spending to make more money, and then make more money. I'm constantly saying like, why do you need more money? Oh, because I want to invest, and make more money. Well, why do you need that? Why do you need that? At some point, you die and you're just doing this to give it away to other people. So, his beliefs, if he were a single guy, would be fantastic. It's his beliefs. He can do what he wants. It's his money, value, all that can be his. The problem is that we're married, and what his beliefs are, he doesn't realize that they affect me immensely.

So, I mean, literally to the point where it's broken my spirit. I mean, the reason why we're coming to you now is because, after all these years, it's just too much. I mean, I remember another podcast you did and you asked them to rate it from zero to 10. We're at a nine, and we've been in a nine-and-a-half for many years, maybe the last 10 years, and I just can't take it anymore. And so, even though he was the one who initiated the call, I was totally on board, because we just need some guidance. And we've talked in therapy, it always ends with the same mindset that he has.

Ramit Sethi: You have children?

Charles: We have kids, yes, teenagers.

Ramit Sethi: Do you think that them getting ready to start thinking about college is perhaps also bringing this more to the surface?

Charles: For me, yes, because my kids have seen my cheapness. If you ask them if I'm cheap, Daddy is cheap, they'll say, yes, he is, and I don't want that to taint how they view and think about money as well. And so, I try to give them the right kind of tools, like accounts, and talk about investments, et cetera, but I don't want my cheapness and my issues to kind of rub off on them. So, that's part of why I want to try and get this resolved, so they can have a good chance at being good with money.

Michelle: And I have a different perspective. So, on money, I want them to know how to live abundantly. I want them to know that their hard work has a payoff. I want them to be able to live life, where, yes, they can save and understand money, but at the same time, they could do things that they otherwise could not do.

Ramit Sethi: It is hard for people to turn the page in their rich life. Let me explain what I mean. For highly successful people like Charles, all of their skills of saving, investing, planning, and optimizing got them to the top of the mountain. So, from the outside, you look at them, and you say, you made it, why are you agonizing over 200-dollar jeans? But to them, they see the very skills that got them here as identical with themselves.

They can't separate the desire for success from themselves. So, I can sit here and repeat, turn the page, what's your rich life? It doesn't mean anything to Charles yet. Michelle can even say, I'm about to divorce you, and it still doesn't hit home. This identity is deeper than money. It's deeper than relationships. It goes to the very core of who Charles is. By the way, I sometimes ask people in my newsletter, what would you do if you had \$100 million?

The answers are so fucking depressing. Half of them say I'm already living a great life, I wouldn't change a thing. I know they're trying to signal that they're happy, but I consider this almost a criminal lack of imagination, to not know what you would do with essentially unlimited money, not even a single amazing trip, not even taking your family to create an unforgettable memory, I'm not impressed.

Half of the people respond, pay off my house, then invest the rest. For what? You fucking won the game, you have \$100 million, and now, you want to invest more? These are the kinds of answers people give when they haven't thought through their rich life and when they haven't given themselves room to dream. Now, there's just one more catch with Charles here, he actually has that kind of money, and yet he can't stop making more of it.

Michelle: I think the part where we vastly differ is on spending it. I mean, we're accurate on how to save it and why save it, but there's a big divide on spending, how to spend, what to spend it on, why spend it on these things.

Ramit Sethi: Yeah, there is. I'm hearing so much focus, Charles, on saving, and accumulating, and compounding, and you've done a fantastic job of that. I do hear a lot of excitement when you talk about the light bulbs and the blueberries, and getting a good value. Love that excitement. I'm not hearing any real joy aside from a couple of things, like the gym, on how to spend the money.

Charles: It's financial freedom, right? At some point, I want to be able to go into my next chapter, work on more passion projects, and retire from my full-time job. I'm not sure when that's going to be, but that's part of the mission that I've been on, is to get to financial freedom, so I can kind of go to my next chapter, and that's the piece that gets me excited.

Ramit Sethi: So, you did it. Do you know you succeeded?

Charles: I think I'm close.

Ramit Sethi: Yeah. How close?

Charles: Boy, there's a lot of factors to consider, but I think I'm very close. I think that one of the biggest question marks in my mind is when I talk to Michelle about, what does our rich life look like? And she starts talking about that, and I start seeing dollar signs, I start hearing, I want to fly first class, I want to buy a huge house, I want to stay in the western United States in high-cost geography. And I'm saying, okay, well, my initial plans were for X, her plans are 1.5X, and so that's the thing that is occurring. So, unless we get an alignment on what that rich life looks like, it's going to be hard for me to pencil it out.

Ramit Sethi: Why don't we just do it right now? Let's just do it right now. We'll keep it very high level.

Michelle: Here's the thing before we do it, that's exactly why I haven't done it because it doesn't stop there. It's not here are my five things that I like to do, great, we'll do it, because there are two problems with that. One is it's set in stone. So, if I give you five things right now that I'd like to do, that's my rich life, that's it, there can't be a single dollar spent anywhere else.

And number two, the minute I spit out the first one, he has a problem with it, because it's like, oh, my God, that's spending money on something that I would not otherwise spend money on. And then, also, the few things that he just mentioned, first class and the big house, those are false. Those are things that he hears. The reality is, I'm tired of sitting smashed in the middle every time we go on a vacation. I just want better comfort, not I got to fly first class just because it's first class.

The truth is, I want to live on the West Coast, because, A, that's where we're from, and B, that's where my children are, and they'll probably stay here after college. So, there's some truth behind his statements that come across like, well, gee, this woman is crazy, she wants to actually live in a big house? Yeah, I do. I do. I think we've both worked hard, yeah, I do, I'm not ashamed of that. Or, do you want to travel first class? Yeah, I do. We've been married 21 years and it's about time after flights after four hours, we're in business or first class. So, again, it's that negative spin to it, and I'm like, yeah, I want to do that, what's wrong with that?

Charles: What I heard from Michelle was that my inflexibility, and that's fair. I'm a very planful guy, I like to stick to a plan, but I'm trying to convince Michelle that, hey, I've learned to be more flexible and it's not going to be set in stone. But let's be thoughtful about putting a plan together. Don't just kind of spit out numbers or ideas. Let's be thoughtful and make sure that something you put forward is something that you put some thought into.

Ramit Sethi: Okay. Before we go on, are you seeing Michelle's reaction right now?

Charles: No, I can't see it. What is she doing?

Ramit Sethi: She's shaking her head. Why do you think she's shaking her head? Just rewind to what you just said. What did you say in that sentence again? Try to say it out loud.

Charles: Okay. I said that I'm trying to be more flexible, not set in stone, but I want her to put some thought into what she's trying to do. Maybe she took it as she's not being thoughtful and that's not what I meant, but I just feel that, sometimes, she spits out numbers or I-

Ramit Sethi: Okay. Hold on. I want to pause you right there. So, you had two parts of that sentence. I want to convince her that I am more flexible. That was part one. And then, part two was, but, started with a but, I think we should run our numbers, and we should be thoughtful and planful. Okay. Those two parts, which part, part one or part two, do you think that she started shaking her head at?

Charles: Part two?

Ramit Sethi: Yeah.

Charles: Because I think she may be offended at my thinking that she's not being thoughtful or planful, et cetera. I think she may think that she is thoughtful, in what she says.

Ramit Sethi: And what is the implication of you needing to remind your wife of 21 years that you both need to be thoughtful? What's the implication there?

Charles: I think the implication is that she has not been thoughtful, and she hasn't put any thought into what she's trying to do.

Ramit Sethi: If you were to say, hey, babe, you make the plan for the vacation, here's the checkbook. What is the implication, that what would she do with that checkbook?

Charles: That she's going to spend a bunch of money thoughtlessly.

Ramit Sethi: Like a huge amount, like the amount of money that's going to set you back in the poorhouse? Do you think she would do that?

Charles: I don't think she would do that intentionally, but I think that she could or has spent money in ways that I thought that we should not have spent in this way.

Ramit Sethi: Do you think there is a vacation that the two of you could go on? Do you think there's an amount she could spend that would materially affect your finances negatively?

Charles: No.

Ramit Sethi: Say it again, say it in a full sentence, so you hear that yourself.

Charles: I don't think Michelle can spend money on one vacation that would materially impact our finances. However, if-

Ramit Sethi: I agree. Just stop right there. Just stop right there. I'm going to save you from yourself. Okay. Trust me. I'm saving you. I'm saving all of us right now. Okay. Okay. I had to stop him from some long monologue that he was about to go on. And two things just happened right there, one you could see and one you could not. First, Charles acknowledged that there was no amount Michele could spend on a vacation that would materially affect their finances.

To put it another way, she could plan a \$500,000 trip and they would make that much money back in a few months in interest alone, but you'll notice how I had to almost drag this out of him. Even when he

admitted it, he felt he had to caveat it to cover his bases to explain. This is true of a lot of logical people. They feel they need to cover every contingency. Second, I wish you could have seen Michelle's face. She looked so sad. She looked frustrated. The problem with needing to dot every I and cross every T, and I'm talking to all you logical dorks out there who feel the need to explain, show the math, and ROI of every life decision, the problem is that nobody likes being told all the things you might do wrong, especially when you've been someone's partner for 21 years. Michelle is looking for a little partnership here, a little trust, to focus on what can go right instead of only focusing on what can go wrong.

I belong to a small group of CEOs. One time, we were on a retreat, and I was telling them about some upcoming review I was going to have with one of my coworkers. And they asked me, how good is this guy? I said he's great. 90% of his work is excellent. And they said to me, okay, then in your call, spend 90% of the time on the positive. This blew my mind because as a guy who used to be a logical dork, I still have remnants of it in my mind. Here's what I was planning to do, I was going to spend five minutes praising him and complimenting him on the good work, and then 55 minutes going through constructive feedback.

What a fucking mistake that would have been. Michelle has been subjected to literally decades of constructive criticism, of being warned about all the things that can go wrong, of listening to Charles's fears about money. But she's been a good partner. She hasn't asked for anything over the top. So, you can understand the sadness, the anger, and the resignation that I saw in her face. Okay. So, we start there, we can agree on that. Let's put the plan part of it aside, let's just put that financial part of it aside. Is Michelle a good mom?

Charles: She's a great mom.

Ramit Sethi: Is she a good wife?

Charles: Excellent wife.

Ramit Sethi: Good partner?

Charles: Very good partner.

Ramit Sethi: How come in your statements, the two-parter, you give her the warning of what she might do wrong? Where's that coming from?

Charles: I think it's coming from because we approach things differently, right?

Ramit Sethi: Talk to me about yourself. You.

Charles: So, I approach things maybe too much so in a very analytical, planful, intentional way. I do my homework. I'm very punctual. I build spreadsheets to make sure I know what's going on. And that's what I do. Maybe overkill, but that's what I do. I think Michelle is very spontaneous, and she very much has a gut that tells her to do this and do that. And she's oftentimes right. But it could be a scary ride, because like Michelle's approach is a scarier ride for me because I'm not sure where she's going, where we're going to end up, but if you look back on it, she always ends up in the right spot.

Ramit Sethi: Who's more adventurous out of the two of you?

Charles: Michelle.

Ramit Sethi: Yeah. If you were left to your own devices, Charles, would you sort of do the same thing day in and day out?

Charles: I like routine.

Ramit Sethi: You remind me a lot of myself because I also love the plans. I love the spreadsheets. I like to map it all out, and actually, that has helped me to become successful. So, in a way I look at it, I say, well, that's a strength. I can't fly by the seat of my pants like these other people, that would be crazy. And then, it becomes reflexive. My skills made me successful, therefore I need to lean on my skills. All of that's true. I'm hearing a lot of that from you. There's just one problem. My skills can also be very destructive to the people around me because I'm naturally analytical, and utilitarian.

When I was in my early 20s, I didn't even put a frame on anything on the wall. I was like, why would I? It's a waste of money. I'll just hang up a poster. Then, I met my wife who's spontaneous, and more adventurous, and it was, I just wanted to talk about the spreadsheet all day. I said, let's get into the spreadsheet, let's talk compound interest, this is great. And okay, that took some time and all that, but there's a cost to sharing your analytical views all the time. There's a cost to looking at the world only through an analytical lens.

Charles: I think the cost is you miss out on some really good experiences, right? So, for example, we always tend to plan our vacations. This one time, we didn't plan out this vacation to Los Angeles, and it was Michelle's doing, she wanted to not plan it, and we had like one of the best days. We kind of went to a museum here and ate something on the street corner. And if you're so planful about everything, you're going to miss that in those spontaneous magical moments.

Ramit Sethi: Charles and I spent some time talking about money lenses. Let me explain that concept to you. Imagine you're wearing a pair of glasses. Everything you see in the world comes through those lenses. So, if I asked you, what's your money lens, what would you say? The most common money lens is cost. This is how most people view the world. They focus on cost first. How much is it going to cost? Charles uses a money lens that's more commonly used by highly educated people. ROI, he wants value. He loves analytics. A lot of tech guys use these money lenses, but there are also other money lenses. There's experience, which could be an amazing restaurant or a sunset trip to the beach. There are relationships, like my friend who hosts people at his house all the time. There's security, like knowing you can call someone to fix your car. My wish for you is to treat money lenses like different instruments in an orchestra. You would never only have one instrument. You would never only have a... trombone. I don't know. I'm a little out of my league since I don't know anything about orchestras. You would never play with just one instrument, yet so many of us do this for our entire lives. And there's a real cost to seeing everything through one lens. For Charles, he's always crunching numbers, always looking for more value, and it rubs his wife the wrong way. Sometimes, you can just do something for another money lens. Sometimes, there's another money lens you can use, pure desire. I'm going to do this because I want to. Once you have a large enough net worth, you should be a master of many of these money lenses. Listen as you hear Michelle's response now.

Michelle: The house is my biggest thing. The house, maintaining it, beautifying it, making it comfortable, making it comfortable for my family and friends, but the problem is it's not. And then, another thing that I kind of picked up as Charles was talking is it's what he finds valuable, is what he finds pleasure in. So, when we talk about Tesla, that benefited him solely. When we talk about the garage remodel, that benefits him solely.

So, the disconnect comes when it doesn't benefit him in any kind of way, that's when the friction happens. So, he could care less about furniture in the living room, could care less. That's our friction. And it's everything to me. He could care less about landscaping, could care less, but it's everything to me. The real clincher here is that because he earns the money and physically has more access to the money, he directs it, he manages it. So, mine is just a wish, his desires are played out because he physically earns it and doesn't view this as our money.

Ramit Sethi: Is that true, Charles? Do you view it as your money or both of your money?

Charles: I view it as our money. I think early in my marriage, I was much more selfish with the money, but I've tried to make amends and try to be more open with her. For example, I created this spreadsheet that shows her, here's where all the money is, here's all the passwords, she has access to it. I try to get her to sit down and talk about different things that I do because before, I would invest without talking to her

about it. Now, I'm trying to just say, hey, Michelle, I'm thinking about doing this, what do you think? I try to talk to her more about it, but it still is very much one-sided, and I want to correct that.

Ramit Sethi: Okay. I appreciate that. I hear you. And I can see that you are. So, you've probably talked about this before. I'm sure it's been a hot topic of discussion. Charles, it sounds like Michelle wants to get some furniture. What has your approach been with this furniture that she wants to get?

Charles: So, my first approach was, okay. When I hear her ideas, I start to hear and see the [making sounds].

Ramit Sethi: That's okay. For the next 12 months, let's just kind of outline, what would you want to do to the house in the next year. And then, let's plan for that, so there's no like big surprise.

Charles: The thing that I don't like as much is like, in May, let's do this, in June, let's do this, in August, let's do this. It just starts adding up. And so, when I kind of come to her, I say, listen, we can do this stuff for the house, let's lay out a plan for 12 months, and that's when Michelle cringes and doesn't want to do it, and that's what causes the strife. She would love it if I said, Honey, you have a blank checkbook, do what you want.

Ramit Sethi: Is that true, Michelle?

Michelle: I would love him to take enough money that he needs, he said he needs 150,000 take it, give me the rest. I mean, like you only need 150, you're netting 80,000 a month, and you're questioning my Audible 12-dollar subscription every day? There's a problem here. We file our taxes jointly, and I had to sign for taxes recently, couldn't believe my eyes. I didn't even know how much we made. I had to sign \$175,000 per month.

My yard is in shambles. There's no reason for this. When we fly, we fly as basic economy as we can. When we stay in hotels, like he said, it's the cheapest. Now, we're not in Motel 6 and it's not in dire straits, but it's probably the quality if we made \$100,000 a year, and there's nothing wrong with that. The problem is we make more. The reason why I'm not giving a list is because it comes down to the words that he said before, convincing, being thoughtful, being planful. I'm all those things.

I'm analytical as well. I plan, research, weigh, and measure. I don't just randomly say, hey, I want to buy a couch today. I'm doing research, et cetera, but those words are unacceptable and they shut me down. And when I hear those, I'm like, I'm not giving you a list, because the minute I say, let's do this, that's not being thoughtful, that's not being planful. Well, I'm just saying it, give me a chance to think it out. So, everything that he's saying is fantastic. They make sense. They're logical. But in reality, it doesn't play out like that.

Ramit Sethi: Do you think that it's going to happen?

Michelle: I don't know, because I do believe that he wants to change, I do believe that he realizes the damage that has been done. I'm not optimistic that he can do it. I haven't seen a change in this area of money.

Ramit Sethi: It's often the things that make us successful in the first place that turn around and cost us everything. Charles has been very financially successful, and yet he's taken it too far. He's become cheap. He's become disconnected from what matters. His wife is frustrated, maybe beyond saving. Now, the good news is that they both came to me open-mindedly willing to listen and potentially change. And as I started having this conversation with him, I saw how much there is to unpack with Charles and Michelle. The first and the big elephant in the room is that cheapness is one of the most difficult afflictions to change. Do you know why? Because deep down, cheap people don't think it's a problem. They'll often shroud their behavior in all kinds of positive phrases. Well, I'm a conscious spender. There are certain things I care about, certain things I don't, I would never spend on that. But when you zoom out and you ask them, what is your philosophy on money costing you?

Well, suddenly, they have to start to acknowledge that friends aren't inviting them out as much, that they're accumulating a huge amount in their checking account and they have no idea what to do with it. In this case, Charles has to acknowledge that his wife is extremely unhappy. It becomes clear that this is a much, much more complex psychological issue than the amount of money in a savings account. I have a lot more to talk about with Charles and Michelle. This conversation continues, and it whines and turns on next week's episode.

Podcast Episode 21: Part 2 - I want to trust my wife with our money, but what if she blows everything?

Synopsis: this is part two with Charles and Michelle. He has a net worth of well over \$10 million but still uses someone else's Netflix password. After 21 years, Michelle has reached her limit with his relentless cheapness.

Charles is trying to rewrite his internal money story, but after years of playing the "I'm not the kind of guy who blows money on X, Y, Z," card, he still worries about extreme what-if scenarios, driving Michelle to consider divorce.

As you listen, think about the areas you're afraid to spend money on. Ask yourself what your worry-free number is.

Now, let's try to get Charles and Michelle to meet halfway.

Podcast Transcript:

Ramit Sethi: Welcome to I Will Teach You To Be Rich. I'm Ramit Sethi, your host. And this is part two of my conversation with Charles and Michelle. Last week, we started talking about what was going on between the two of them. Charles is a self-professed cheapskate, and he reached out to me with a message that said, we have a 10 million-dollar net worth, a 2.5 million-dollar income, and we still share a Netflix password. Please help, my wife of 21 years is threatening divorce.

Last week was fascinating, as we started to dive into what's happening between Charles and Michelle. How do they treat their money? What have they not been able to do? Now, the good news is that Charles and Michelle came to me with an open mind. And Charles admits he wants to change. He knows that it's costing him a lot to hold the beliefs that he has in money, but old habits die hard. He is struggling to come around to the idea of spending money. Okay. He has certain beliefs. They're very rational and analytical, and they are causing him to look at money through only one lens.

Now, last week, we made some pretty good progress, but after 21 years of these types of conversations, Michelle does not believe that Charles is going to change. And every time we get close to him saying he's going to change, she doesn't believe it. We have a lot of scar tissue here, and this is not going to be easy. Please listen to part two of this conversation with Charles and Michelle.

What I hear beneath the surface is this fear that if you take Michelle's approach, which you've described as being more intuitive, more spontaneous; somehow, you will lose the core of what made you successful, and that suddenly, you're going to just lose it all, and, oh, my god, I dropped \$75,000 on dinner tonight. Can you see a reality where you ever spend \$75,000 on one dinner, Charles?

Charles: No.

Ramit Sethi: No, I don't think so. It would be very hard to do that. Can you ever see a reality where Michelle spends that much on a single dinner?

Charles: For the two of us, no.

Ramit Sethi: Okay. So, knowing that you have so solidly anchored your analytical self in, what I would say is this fear of if I let go just a little bit, I'm going to turn into a pile of mush that just spends money everywhere. It's never going to happen. Never. I could work with you every single day for the next 20 years, but it would still be very challenging for you to just go out there and conceive of money the same way Michelle does.

I'm going to do a little guided conversation here. I can tell that if I let these two just talk to each other, it's going to quickly devolve into, you didn't let me do that, and well, I think this. There's so much resentment built up here that I'm going to have to micromanage this conversation a little, maybe offer a little bit of training. Watch what I do. I'm going to ask a few questions. Listen to the questions and listen to her answers.

Charles: Okay.

Ramit Sethi: Michelle, what is your absolute dream destination? The budget is irrelevant.

Michelle: Probably Italy.

Ramit Sethi: Why Italy? What would you do there?

Michelle: I just think it seems like an exotic, beautiful country. I would enjoy the food, and the scenery, and the people.

Ramit Sethi: Fantastic. And what kind of food are you thinking about having when you go there?

Michelle: Yummy pasta.

Ramit Sethi: Uh-huh. What kind?

Michelle: Well, if I'm not on my diet, fettuccine, and penny, and pizza.

Ramit Sethi: Love it. What kind of weather are you imagining? Is it summertime? Are you wearing a long coat? What are you thinking?

Michelle: It's more summery and more sun's out.

Ramit Sethi: Beautiful. Okay. Great. Where are you staying when you're in Italy?

Michelle: A beautiful home, a beautiful resort-type field.

Ramit Sethi: Very nice. And who do you have with you on this trip?

Michelle: Ideally, my husband, but if the price of that is him belittling me for even wanting what I just described, then a girlfriend or solo.

Ramit Sethi: No, no, no, no, no. This is Charles who's fully bought in. Fully. He's saying to you, babe, I made a special reservation tonight, don't worry, put on something nice, and let's go out to this place. How would that feel?

Michelle: It would feel great, but 21 years of not having that is tough to get over.

Ramit Sethi: Yeah. I love it. And final question for you, when you get to the Italian airport and you get on your plane, which seat are you sitting in?

Michelle: I'm definitely in first class. My vacation starts the minute I leave my door.

Ramit Sethi: Ah, very good. Okay. Charles, what did you hear in my questions?

Charles: Your questions were geared around how this would make her feel and her experiences, and it put her in the driver's seat, put her in complete control of planning and experiencing this vacation.

Ramit Sethi: Very nice. Wow. Very good pickups on all those things. Now, did you notice, at one point, she kind of went a little negative and did you notice what I did there?

Charles: Yeah. You tried to steer away from that, tried to set that aside for now. I think that's the scar tissue coming back, and she can't imagine me doing that after 21 years. And so, that's what we need to overcome.

Ramit Sethi: I agree. Do you think you could do that after 21 years?

Charles: Sure.

Ramit Sethi: Okay. I don't know if that's true. I hope it is. That will be for the two of you to decide, right? We have one conversation together, the two of you have a lifelong relationship. And I want to acknowledge, that is a lot of scar tissue, 21 years. But I do think it's possible to change. I've seen it. It starts with little steps. It starts with just a series of questions like this. What did you not hear in our conversation?

Charles: I was waiting for you to ask the money question.

Ramit Sethi: There is no money question. Guess what, you won. You could do that entire trip. Guess how long it would take you to earn enough to pay for that entire trip.

Charles: I don't know. How long?

Ramit Sethi: You tell me. Guess. I mean, you're an investor, give me a ballpark here.

Charles: So, maybe that trip was going to cost 20 grand.

Ramit Sethi: Okay.

Charles: I think about a month.

Michelle: One day.

Charles: Not really, but about a month.

Michelle: One day, one month.

Ramit Sethi: One day, maybe two.

Michelle: Maybe two.

Ramit Sethi: You have approximately \$11 million. Interest is earning. You make a considerable income. One day, two days, hey, let's even be conservative, five days. Five days. Five days. And what happens if you were to spend that money?

Charles: I think Michelle will be happy.

Ramit Sethi: Yeah. Is it about the money?

Charles: No, it's not about the money.

Ramit Sethi: What's it about?

Charles: I think it's the fear of doing that vacation like three or four times a year.

Ramit Sethi: Yeah.

Charles: That's the fear.

Ramit Sethi: Play that out for me. 20K times how many times a year?

Charles: Let's say five times a year, 100K.

Ramit Sethi: Okay. 100K a year in vacations. What happens to you?

Charles: I go back to the whole value compass, where like, ah, could that money be used elsewhere?

Ramit Sethi: Yeah, it could. It could. It could be invested. It could be put into a business. It could be spent somewhere else.

Charles: Could be given to a charity.

Ramit Sethi: Could be given to a charity, but you can also do those things, too. You have enough. So, again, five vacations like that a year, 100K a year on vacations. What would happen? What's the worst that could happen?

Charles: The worst that could happen is I could be a complete A-hole on the vacation and ruin it for Michelle.

Ramit Sethi: Wow. Okay. That was very perceptive. And what's the best that could happen?

Charles: I have a big, fat smile on my wife's face and we could become closer in our relationship.

Ramit Sethi: Alright. So, I want you to take the same approach I took, tried, it's going to be uncomfortable, but I'm here with you. Take it with your living room furniture.

Michelle: Can you do it with the landscaping since we already-

Charles: Okay. Yeah. Okay. Landscaping. So, Michelle, landscaping, what's your vision for our front yard and our backyard? Like what do you see as the complete vision? What would make you happy if we got the front yard and backyard landscaped?

Michelle: Well, if Ramit asks that same question, then I can answer it, because coming from you, I'm like, ah.

Ramit Sethi: Michelle, I know you're tense, I get it, and I know that there's a lifetime of beliefs right now that are just right at your throat and they're bubbling up. I get that. Charles is playing ball here, and he's doing some uncomfortable stuff. And so, what I want to ask from you is that you play ball as well. And if it means trying to acknowledge those feelings inside, but set them aside for just three minutes, that's what I would ask. I understand it's a bit contrived. I understand that my asking you to do this does not remove those feelings. They are there. They are real. But for us to move forward together, sometimes, the best way to do it is to act as if. So, let's start with the behavior, and let's see if, often, our feelings can follow.

Michelle: So, my vision is just when you walk up the steps toward our home, you just want to be home. It's inviting, it's plush, it's modern, it's well-cared for, maintained. It just would make me feel so good if I just drove home and walked up to a home I wanted to walk into. The backyard is the same thing. I just want to be able to walk outside of my house and feel good about being outside. I would love to eat dinner outside, sit outside, just go outside to just think and I just want to see something pleasing. All I could see was just a new deck, comfortable chairs, and greenery. Those are the things that I love to look at.

Charles: What are some things you'd love to do out there once we get it all fixed up?

Michelle: I just want to spend time out there. I just want to sit down on a chair, and look out to the yard, look at the lemon tree, look at the apricot tree, look at plush grass. I just want a feeling of calmness. I don't need a party or anything. I just want it for our family, for now, just a place where I can go and retreat.

Charles: And then, when you think about the front yard, what are the things that you think will really kind of make the front yard pop?

Michelle: I just want it well-maintained. It hurts to see everyone around me changing their landscape, fixing up their yard, replanting if the plants have died, rearranging things. I just feel after 11 years and nothing has been done, the rocks have slid down the slope, I just want those things filled in, because the way it looks now, I don't want that to be a reflection of who I am today.

Charles: Do you want this to happen right now? Do you want this to happen later on? Like when do you want to make this happen?

Michelle: Well, I think it's long overdue, so the when would be right now.

Charles: And what can I do to help you make this become a reality?

Michelle: Loosen up the money, not control it in the sense that you decide how much is enough, and just trust me that I'm not here to spend multi-thousand dollars on the project, I'm just here to get a nice update to the property.

Charles: Would it be okay if I provided just a teensy-weensy bit of feedback or input into the landscaping? This would be an overall vision, but I'd like to have the opportunity to have a little bit of input on the landscape. Would that be okay with you? On your terms, of course.

Michelle: Anything other than money and how much something costs.

Charles: Okay.

Michelle: If you want to suggest bushes or tree arrangements, great, but nothing about how much, nothing around money.

Charles: Okay. So, I am committed to being a partner in this and not talking about money, not talking about how much, and I'll be committed to giving you whatever vision you want for the front yard, and back your landscaping, and to make it become a reality.

Michelle: I'm like grinning from ear to ear, because I'm like, could this be real? Can we call you back if that doesn't work? Can we get this in writing?

Ramit Sethi: Michelle, you're almost in disbelief over here.

Michelle: Yeah. Yeah.

Ramit Sethi: Do you think that it's going to happen?

Michelle: I don't know, because I do believe that he wants to change, I do believe that he realizes the damage that has been done, I'm not optimistic that he can do it. I haven't seen change in this area of money my entire-

Ramit Sethi: I get it. You're cautious about hope. I get that.

Michelle: Yeah, exactly.

Ramit Sethi: I like a little technique I call failure expectation. Let's plan for failure. Where is it going to go off the rails, and let's just deal with it right now?

Charles: I think for me is I'm trying to do away with my internal money compass for what I think backyard landscaping should cost, but that's what could go wrong, where my internal compass comes to the surface and that doesn't kind of align with what the actual cost is, and I break my promise, and say, oh, that's kind of expensive.

Ramit Sethi: Michelle.

Michelle: Yeah. The failure expectation is the words, how much? How much does this cost? That, I don't agree.

Ramit Sethi: Some things in life are worth every penny. Charles, I think it would be a tragedy to live a smaller life than you have to. I do. And I think you are. I think that you, and by bringing your wife along on flying economy, that's okay, there's nothing wrong with the economy, but at a certain point, you earned the right to turn the page on your life. There's no virtue in living a smaller life than you have to. And that is very counter to our society. Our culture tells us, to stay humble, don't get too big for your britches, and on, and on, and on. But at a certain point, there's a cost to it. It just becomes ridiculous, to be flying economy when you could buy every seat on that plane for the interest that you made that day

alone. It just starts to not make any sense. And then, you start to hear your wife making very fair assessments like, hey, I can't do this for much longer. So, Charles, I hear you loud and clear that you have your issues that you're going to work through and you have been working through, and I would encourage you to continue doing that on your own.

Charles, I want you to imagine two scenarios here. When Michelle comes and starts working on the landscaping, she gets the landscape firm, and they give her the bid, and maybe she shows you the bid or maybe not, it doesn't matter to me. Now, you get this bid and you hold it in your hand, and it has some number at the bottom with a certain number of digits, you have two choices here. Option one is, Honey, I trust you, it's your call, you don't even look at it, you hand it right back to her. Option two, what's that option, Charles, you know that one very well.

Charles: How much is this going to cost? It seems very expensive.

Ramit Sethi: Mm-hmm. And that phrase, what do you think that phrase, saying that to Michelle, will cost you?

Charles: It's going to cost me quite a bit. It's going to devalue her efforts and it's going to deflate her balloon on this.

Ramit Sethi: Yeah. So, you have a choice. Nobody can control you. It's up to you. You're obviously a very successful, intelligent guy, but you have a choice, and now, you have it laid out, and we can let our feelings control us or we can acknowledge them, and say, who do I want to be tomorrow? Okay. So, you have plenty of time to think about how you want to-

Charles: Right. But one of my beliefs that I still struggle with is that, so first class is very comfortable, no doubt about it, but I feel bad. I feel like a pretentious prick in first class, where I see people walking by me, and I don't want to be that guy. And so, that's my money belief, and I've got to get over that, but I just don't feel good about myself.

Michelle: So, I have no problem sitting in first class while my husband is in economy class.

Ramit Sethi: Okay. Alright. I love it. Charles, would you be willing to do that?

Charles: Yeah. I mean, I like to travel together with my wife, and so I prefer not to. But if I had to choose between traveling together or separately, I'd travel together.

Ramit Sethi: So, you would get the first-class ticket next to her.

Charles: If she's in first class, I want to travel together, so I'd suck it up, but I'd feel like this pretentious guy and feel like this whole lifestyle creep. It just doesn't match with my values too much.

Ramit Sethi: I get it. It's, I'm not the kind of guy who flies first class. I'm not the kind of guy who stays at this hotel, and orders room service. I get it. I get it. If I look at some of the things I spend on now, 18-year-old Ramit would be like, what? This is crazy, what a waste of money.

Charles: Exactly.

Ramit Sethi: But I'll tell you something. I met a guy in New York, and he told me, he said, I always told my friends I was never going to get married. Everybody knew, I was the single guy. And then, he puts up his ring finger, and says, look at this. Married. I said, what happened? He said, well, I met this amazing girl and I realized I had two choices. I could either keep living the same story I had told myself for 22 years of my life or I could change the story and I could marry this girl, and that's what I did. Your story is yours. You can change it. So, if you feel like a pretentious asshole, okay, that's inside of you, but if I saw you sitting next to me in first class, what do you think I would be thinking?

Charles: This guy's just like me, he's kind of earned his way in the first class.

Ramit Sethi: Yeah, or more likely, nothing. I'm not paying attention. I'm just paying attention myself. That's it. Think about the story that you tell yourself about your relationship. What's that story?

Charles: That relationship should be of the utmost importance.

Ramit Sethi: And so, say that.

Charles: I should prioritize that.

Ramit Sethi: Yeah. And say that story, if I were single, I probably wouldn't fly first class, but, finish that sentence for me.

Charles: But I'm married now, and if it makes my wife happy, I'm willing to do it.

Ramit Sethi: Nice. This is a big moment. This is a great opportunity to take the win. That's one of my principles. Whenever you reach an agreement, no matter how small, celebrate it, do a high five, get a piece of cake out, and go for a walk. This is awesome. It's so rare. It's a chance to celebrate. In this case, I'm going to keep going, but before we do, it's important that I explain what just happened about that first class ticket.

Ramit Sethi: The point of my conversation with Charles was not to badger him into paying for first class. Some people simply don't value something, and they consciously decide not to do it. Fine. But that's not what's happening here. Too often, people don't spend their money on something out of fear, and then they try to intellectually justify it by saying, I don't really value it. Here's how you can tell the difference.

Ramit Sethi: If someone has a net worth of \$11 million and earns millions of dollars a year, that person can easily afford first class. If that person is deciding not to fly out of fear that he'll trip, fall, and spend \$11 million, that's a red flag. And if that person's wife is threatening to divorce him for his money beliefs, that's one of the biggest red flags of all.

Ramit Sethi: That is why I felt comfortable pushing him into acknowledging that he can fly first class. Emerson has this quote that I love, a foolish consistency is the hobgoblin of little minds. Sometimes, the story you've been telling yourself for 20 years needs to be rewritten. And now that I've secured this win, I'm going to push them even harder to get even more specific. How is it currently structured? Is it in one account? How does it work?

Charles: We have a joint account, joint checking account, joint savings account. She has a separate account. We have joint investment accounts and individual investment accounts. We have individual retirement accounts and we have jointly owned investment properties.

Ramit Sethi: Okay. Michelle, if you wanted to do the landscaping today, technically, you have access to money, you could pull it out of savings, or you could sell investments, or whatever. Is that correct?

Michelle: You're asking me?

Ramit Sethi: Yeah.

Michelle: It's a responsibility. It's not a real thing that I can take money out of. There would be ramifications if I just decided to take money out of the joint account. I would have to hear the words.

Why'd you do that? I mean, he would probably be the one wanting to divorce if I touched a significant amount of money. If I just moved \$20,000 instead, I just felt like doing that.

Charles: I wouldn't say that. I would say, I'd be upset, I wouldn't say a divorce, but I'd be like, let's not throw money around unnecessarily.

Ramit Sethi: Let's make a plan. It's funny, for other people listening to this, 20K would be quite serious. If one partner took 20K out of their savings account, that could be devastating. For both of you, that's what, like a day's worth of interest or something like that? Michelle, what would be an ideal financial setup for you?

Michelle: I think one that I truly have access to, and there's a set number that we have, and it has to be a number that we both agree on.

Ramit Sethi: Very good. I call it a worry-free number. Below this number, we're not going to worry about it. Okay. So, if I go to the grocery store and I'm looking at two different types of lettuce, I don't care. And of course, the more successful you get, the bigger that number is. What would you say your worry-free number is?

Michelle: It's changed over the years, but now that we're at this stage in our marriage, I would say five grand. I just don't want to hear much banter if it's less than that.

Ramit Sethi: Okay. That's what you want it to be, is that what it currently is today?

Michelle: Not at all. Probably \$500. I mean, it's not even the number, if there's a charge that he doesn't think is valuable, there's an argument about it.

Charles: I'd say 500 bucks is the number where if we hadn't talked about it, it's like, hey, what did you spend this on? I'd ask her about it. I don't know if it's an argument, but it's a question.

Michelle: We had that argument about \$500. I bought my daughter a mattress for \$500, and he said he found it on Amazon for 300. And we argued about that for a week, and I took two weeks to research mattresses, and 500-

Charles: What?

Michelle: Yes. I got one of those Nectar or Casper real comfortable mattresses, and he did one search, and said, you could have gotten that on Amazon, it was 500.

Ramit Sethi: So, we have established definitively that \$500 is the current worry-free number and it's not going well. Okay. Fine. Charles, I'm laughing, we're all laughing, but Charles, knowing what you have heard today, how would you have handled that mattress situation?

Charles: Well, it all boiled down to the internal compass, and that's where I think it went wrong. I would have not said a word. I would even compliment her, and say, hey, honey, you did a great job getting this mattress for our daughter, this is comfortable, it's safe. Thank you for taking the time to do this.

Ramit Sethi: Okay. I love it. I love it. I like that you are recognizing your internal compass is a little off. I think that's savvy, and boy, that takes a lot to look inside because your internal compass affects everything. It affects your lunch bill, it affects your mattress, and it affects your 20,000-dollar vacation. And I think you're kind of acknowledging that which is a beautiful beginning of a new journey for you. Okay. Awesome. Charles, what should that worry-free number be?

Charles: Probably about 1,000 bucks?

Ramit Sethi: How did you come to that number?

Charles: If I look at our expenses, we have a lot of expenses that come through the credit card, and I think if I look at the expenses, the ones that come in above a thousand, that I'm not aware of, that surprised me are the ones I kind of react to the most.

Ramit Sethi: That seemed a bit like a tautology. These are the numbers that I react to, therefore the numbers should be this number.

Charles: Right.

Ramit Sethi: Okay. That's certainly one approach. Alright. Fine. We all have our approaches. Let me suggest another approach. Is there somebody else on this call right now, somebody who may have just mentioned a worry-free number? What did she say?

Michelle: She said five grand.

Ramit Sethi: Okay. I'm not saying you have to agree with her, but I'm saying that she, who's equally valuable, has an equal say in what's going on here, picked a number five times larger than your number. Does that surprise you a bit?

Charles: No, it doesn't.

Ramit Sethi: Well, it should.

Charles: Why?

Ramit Sethi: It should tell you that if one of you is five times different than the other, there is some massive, massive disagreement. Somebody, in some way, is looking at this differently. It's not like I said, oh, let me get the appetizer for 10 bucks, oh, I don't know, 12 bucks, no, five times the difference. So, how do you want to use that information?

Charles: What that number means is there's going to be just a complete carte blanche to spend whatever you want, wherever you want, and it's going to make our expenses kind of go up, it's going to balloon.

Ramit Sethi: Whoa, whoa, whoa, whoa. Hold on. We were almost there, and then we just took a sharp left turn. Let me rephrase what I just heard because this is important. So, Michelle said, I think our worry-free number should be 5,000 bucks. I don't want to talk about it below that number. Charles, you said 1,000. And then, we started comparing the two numbers, and you go, you know what, we don't spend anything at 5,000 bucks. I said, okay, keep going, we're getting there. And then, you go, so if I pick 5,000, the conclusion was Michelle is going to start spending \$5,000 bills left and right, left and right.

Michelle: Every week.

Ramit Sethi: Has Michelle ever done that in 21 years?

Michelle: Ever.

Charles: Yes. And so, let me tell you how she's done that. So, buying a house is one of the biggest purchases you can make, and Michelle dictated that process for the house we're in today. I thought it didn't meet my internal value compass, but we went ahead and did it anyway. And every single month, we're paying for that decision that Michelle made.

Ramit Sethi: One sec, Michelle, I got this one. So, you bought a house, okay, fine. And by the way, your house costs two-and-a-half million bucks.

Michelle: I earned him money. The house was 1.5. It is now worth 2.6. So, this so-called terrible decision that we made, I just earned him a million dollars.

Ramit Sethi: It's not about the money. It's not. Charles, first of all, having a worry-free number of 1,000, 2,000, 5,000 is different than buying a house. House is a big, big purchase. Both of you put a lot of time in analysis. I know that. Charles, do you think if your worry-free number was 2,500 bucks, Michelle is going to be running around buying a ton of 2,500-

Charles: No, but I think our expenses will go up.

Ramit Sethi: Let's put that aside for now. Is she going to suddenly turn into somebody who's just dropping thousand-dollar bills everywhere?

Charles: I don't know.

Ramit Sethi: Do you think so? You know her better than anybody else in the world. Before you answer this, think carefully. Get out of your head. Look at her. Think about her as a mother, a partner. Is she going to spend \$75,000 over the next few months, \$5,000 at a time? I have to cut in here because this is the crux of the entire discussion. You can hear Charles spinning in his head.

He's almost paralyzed by fear that if he increases their worry-free number from \$1,000 to \$5,000, Michelle is suddenly going to spend all their money. This has nothing to do with Michelle. He's not even thinking about her as a person right now. He's not thinking about her as a wife, a mother, or a partner. She is just a placeholder in his mind. We know this because she's given him zero reason to worry about her in this way. He's spinning because these are his fears. The problem is, well, there are two problems.

First, he's unnecessarily restricting himself from a beautiful, rich life that he's earned. Second, and much more importantly, Michelle is reacting to this. She feels accused, cornered, disrespected. I only wish you could have seen her face during this conversation. She looked so hurt, fragile, so resigned. Charles's beliefs are causing serious damage, maybe irreparable damage, and for what? To save a few thousand dollars? A rich life is about more than money. So, let's go back to this heated conversation. Notice how quickly it moves now as they're both moving to their corners and preparing for battle.

Charles: Well, I don't know. The reason why I say I don't know is because we had talked about going on a vacation to Costa Rica, and a friend recommended this villa, and it looked great. And then, we got to the price and the price was \$2,200 a night.

Michelle: No. That was total, not a night.

Charles: No. It was 2,200 bucks a night, and I thought, wow, that's kind of crazy, that's expensive. That was my reaction. Michelle's reaction was, why can't we do it? And so, I'm like, oh, so my concern is that, in that case, if I said, okay, let's do it, we could have dropped like 25 grand on a vacation. I just figured that it just didn't seem it was good value. So, my concern-

Ramit Sethi: Hold on. There are so many things in that sentence. So, yeah, maybe it wasn't a good value. There are a lot of cheaper places in Costa Rica. I get that. And when I was a kid, I couldn't afford to stay at \$2,200 a night. Is the purpose of going to Costa Rica to get a good value?

Charles: No, it's to have a good experience.

Ramit Sethi: Yeah. And when you think back to that Italy trip, what did we not talk about?

Charles: Price and value.

Ramit Sethi: Yeah. And so, I hear that you both discussed this Costa Rica thing 2,200 bucks total or per night, doesn't matter. What I would like you to be able to do walking out of here is to critically look back at the stories you've told yourself. So, Charles, when you had that discussion about Costa Rica, you said, oh, this sounds kind of crazy, it could be 25,000 bucks, that's not a good value. Okay. You did indeed say that. Now, knowing what you know today, how would you evaluate that Costa Rica trip?

Charles: Instead of having the exclusively priced lands on the Costa Rica trip, I would have the combination of an experience's lens on that trip, to say, hey, will this be a good experience for my wife or my family? And then, start to kind of factor in like Michelle does, once we kind of factor in all of the things we want, and then start looking at that price, at the cost of the trip, and see if it fits into what we needed to fit into.

Ramit Sethi: Yeah. Where I would like to eventually see the two of you is clearer black-and-white guidelines on who is making decisions. Charles, you do this at work all the time, right? It's not like every random person at work is chipping in and offering them—it's like, hey, if you want to give me some thoughts, fine, but I'm the decision maker. That's how it works at work. And at home, it's so porous. I can see it. She's getting excited about a Costa Rica trip, then inevitably, you come in, what about this? What about that? And it's always cost. It's like those people at work. They start speaking up, and you already know what they're going to say, and they're always annoying, you're just like, oh, my God, just shut your mouth, I don't need to hear from you again. By the way, this doesn't happen at my own company for any of the people listening.

I love IWT employees. You guys are awesome. We have a great team. But past companies. So, what I would wish for you would be some clear rules. Here's a worry-free number, below this, we're not going to talk about it. Every six months, we're going to re-evaluate our money-free number to see if it needs to go up or down. Hey, we might have made a mistake, let's give it six months, we'll fix it up then, so nothing to worry about.

I would like to see some rules, such as, you are in charge of X, I have no say at all. On these topics, I can recommend things, but you're the ultimate decision-maker. On these, we have to do it jointly, we both have to be partners, and we have to sign off. And then, finally, for this one, I'm in charge, right? I don't want to hear anything from you, I'm the one in charge. Do you have any rules like that?

Michelle: That is fantastic, because the truth of the matter is, on the Costa Rica example, I wouldn't have even picked that one. I would say that's ridiculous. So, the truth of the matter is just because we look at one initial thing doesn't mean that's the one I'm going to go with.

Ramit Sethi: Should we come up with some rules right now?

Charles: Yeah, I think that's a good approach. I think that we kind of have de facto areas, where like on the investment side, I've been largely the one driving the investments, for example. I think that I'd like to continue, but I want to have more of Michelle's input from the investments.

Michelle: And then, I like what you said about our worry-free money, it's not that it's every other week, I'll make separate purchases of 5,000, and even, let's say the worst case scenario, that happened, let's reevaluate them in six months. Let's see if I did that, and then we can talk like, wait, that was way too much. And that number won't kill us. If I did that every month, okay, let's reevaluate that.

Ramit Sethi: Let me give you a quick little tip on this, a little tactical tip. So, right now, you have a worry-free number of 1,000, Charles. Michelle, you're at 5,000. Here's what I propose. I propose you meet in the middle at 2,500, and you can add a cap. A cap says, between now and the next six months, what would be a maximum number of 2,500-dollar purchases that either of you would make without talking to the other, right?

And if it goes above this, I'll bring it up. It escalates out of the worry-free category, and I say, you know what, I want to just give you a heads up, I've been making a lot of these purchases, and I want to make

sure you're aware of it, let's have a little conversation. So, first off, do you both feel comfortable starting at 2,500 for a worry-free number?

Charles: I'm good with that.

Michelle: I was thinking three, but I guess-

Ramit Sethi: Charles, \$500 is potentially money very well-spent for you.

Charles: Sure. That's fine.

Ramit Sethi: Do you feel comfortable with that?

Charles: Yeah.

Ramit Sethi: Okay. 3,000 bucks. A little agreement goes a long way in these discussions. It shows positive intent. Okay. 3,000. Lock it in. Take the win. Great job. You both have created a great money rule. So, below \$3,000 for the next six months, you're not going to talk about it. Fair? So, let's give some examples. What would be an example of something you might spend on, Michelle, and then Charles, that you're just not going to even bring up? Michelle, go ahead.

Michelle: I've been begging for a Peloton for the last year since COVID

Ramit Sethi: Done. It's ordered tonight. What's next?

Michelle: For me?

Ramit Sethi: Yeah. Just got to jump in here for a second, and say, wow, it gives me great joy to spend other people's money. I think I just ordered Michelle a Peloton with Michelle and Charles's money. What a great job I have. My next podcast is going to be called Ramit, spend my money for me. I would be the best in the world at that. I only have one wish. That wish is that one day, someone comes on this podcast, and says, Ramit, I'm going to buy every program of yours from iwt.com/products, all of them, the ones on money, and starting a business and careers, and psychology.

You're damn right. Request approved. But now, you set up a simple rule, both of you agreed to it, and now, you have the freedom to dream. Peloton. Love it. Amazing. Order it tonight, and you get on that Peloton, you're going to feel so good, it's going to feel like Charles feels getting into his Tesla. That's a beautiful thing. Charles, what are you going to spend this worry-free money on potentially?

Michelle: Nothing.

Ramit Sethi: If you're stuck, tell me, I'll be your lifeline.

Charles: So, I think I like to go to a fantasy baseball camp, The Dodgers, in Vero Beach, and spend a week with the Hall of Famers.

Ramit Sethi: That's less than 3,000 bucks?

Charles: No, but I also like to get some autographed Muhammad Ali gloves signed and get a Jackie Robinson signed check, get some sports memorabilia.

Ramit Sethi: Where did all this stuff come from? All of a sudden, you have this list of things you're going to get. I love it. Where did this come from?

Charles: Well, I read your book and I started to sketch out my rich life and this is on it.

Ramit Sethi: Okay. Very good. So, sounds like two of those things fall under worry-free, and the third one probably needs to be some kind of discussion, right? This Dodgers thing. Great. Love it. Both of you starting to realize, okay, we spent this money, it did not change a single thing for us financially. It was just sitting here in this swamp, just sitting here in a savings account or a checking account, just sitting there doing nothing. And now, every day I wake up, I go to the exercise room, I have a Peloton, I feel joy. Love it.

Charles: But Ramit, let me ask you this. Some folks have much more money than I do and end up going bankrupt. Like what happened to them?

Ramit Sethi: Okay. What do you think happened? You tell me.

Charles: They didn't pay attention and they started spending extravagantly, and when they realized that they kind of got themselves in trouble.

Ramit Sethi: Yeah. But they didn't go bankrupt buying Peloton's. Do you know how many Peloton's you can buy? Like I can't do the math, the numbers are too many zeros in there. What did they go bankrupt buying?

Charles: But they loosened the floodgates, and they bought vacations, cars, homes, all kinds of stuff.

Ramit Sethi: Yeah. Do you ever eat at a nice restaurant?

Charles: Uh-huh.

Ramit Sethi: What was the first nice restaurant you remember eating at?

Charles: Benihana's, Beverly Hills?

Ramit Sethi: Very nice. Okay. Very good. So, in the frugal world, there are a lot of frugal people who love to say, I don't need to eat at a fancy restaurant. If I made \$180,000, I wouldn't eat there, or I don't need to fly business class, even if I made X dollars, I would never do it. I used to say that about business class, haha, stupid people, why are they doing that?

Deep down, what that means is I'm worried that if I eat at a nice restaurant once, I don't trust myself, and I'm afraid I'm going to slip, and fall, and eat there every single day for the rest of my life. Does that sound familiar, Charles? First, it's a Peloton. Next, it's landscaping, then it's a 7 million-dollar house in South Lake Tahoe, and then bankruptcy. Sound familiar?

Charles: Yeah. That's how it happens.

Michelle: So, the solution has been nothing.

Ramit Sethi: Correct.

Michelle: The solution has been nothing because it's either one or all, or nothing.

Ramit Sethi: Correct. Yeah. It's classic all-or-nothing thinking. So, here's what I will say, I'm going to give you a little suggestion, Michelle. This is something I learned from the fitness world. There are a lot of trainers, and they were trying to figure out how to encourage some of their female clients to lift weights instead of just doing cardio. And the first thing that they would hear was, I don't want to get bulky, I don't want to look like Schwarzenegger. And in my head, I was like, I wish it was that easy, it's really hard. So,

first they told them, that doesn't happen, and muscles had a lot of work to develop. Finally, I heard the best answer I've ever heard. A trainer said, okay, I hear you, we'll stop before we get there. So, Michelle, tell Charles that.

Michelle: Charles, before we ever got near bankruptcy or even near a space that would be detrimental to our net worth and our family's wealth, we'll stop far in advance. Let's talk if you think I'm going in that direction after 12 months.

Charles: Okay. Fair enough.

Ramit Sethi: You two did it. You got married. You raised a beautiful family. You became wildly financially successful and you're still really young, mobile, everything's put together, you're great. It would be a tragedy to wait another 10 years, which would turn into another 10.

Michelle: Yeah.

Charles: The bitterness would deepen, possibly divorce, and we wouldn't get to enjoy all the hard work we went through to be in this financial position, it would be a wasted opportunity.

Ramit Sethi: What I would like you to work towards, North Star is not just for you both to be spending more money. I don't care how much you spend. I want you to have a Rich Life, and a Rich Life means, Michelle, you are happy in your beautiful home. I want that for you. You are traveling. Charles, a Rich Life for you is feeling like your money is not out of control, that you will have enough and to know it, like deep down in your spreadsheet bones, and to be just a little more adventurous than you are today.

I have a wish that the two of you will become playful with money and that you kind of look back on this time and you say, I can't believe that I was sharing a Netflix password. What was I thinking? Well, what did you use to call me? What did all the kids call me? They used to call me Cheap Charles, but not anymore. Look at me now. Look at the shirt I'm wearing, looking pretty nice, isn't it? Just these little jokes that illustrate the fabric of a beautiful relationship.

Synopsis: Alexandra and Brandon have a household income of \$135,000. Alex just handed in her one week's notice, but she still has financial needs, and she's scared to broach the subject of spending money on herself with her husband.

As we talk, it becomes apparent that self-agency has been absent from other aspects of their lives. From their relationship to career choices, both have been playing by everyone else's rulebook but their own. These conversations have been on the back burner for long enough—it's time to get candid.

Podcast Transcript:

Ramit Sethi: Hi. I'm Ramit Sethi, and welcome to the I Will Teach You To Be Rich podcast. Today, I'm talking to Alex and Brandon. Alex is 33 years old and she's jumped from job to job for years. She just recently quit her latest job. Brandon is 34 years old, and he brings in 135,000 dollars a year. Now, the reason that they originally reached out was Alex felt resentful over having to ask for money, almost like an allowance. A little bit of context, Brandon brings in \$135,000 a year. They have about \$85,000 in savings and investments. They also have \$78,000 in debt.

But this relationship is unlike many others that you've heard of because Brandon and Alex were previously married, then they got divorced, and then they got remarried. In today's episode, you're going to hear lots of fascinating variables. You're going to hear so much indecision. They talk around issues. You're going to hear them admitting that they've done what others told them to do for most of their lives. But now, Brandon and Alex are realizing that they don't know what they want for themselves. At times, today's episode is going to be very frustrating to listen to, but the layers here are quite fascinating. Let's listen in.

Alexandra: When we're making financial decisions, I wish I would stand up for myself, and say like, yeah, but hold on, I want to do these things first, or can I just put some input in there? And not that, again, Brandon never says I can't, I just don't offer it up.

Ramit Sethi: Can we talk about those things right now?

Alexandra: Sure.

Ramit Sethi: What are the things that you want to do?

Alexandra: So, it more so has to do with health and wellness, like for me, of like wanting to go get acupuncture, or see a chiropractor, or buy supplements for myself every month, or go take recurring exercise classes. So, things that have a recurring monthly price tag on them are the things that I find challenging to advocate for myself, because it means incorporating it into a budget and making it like a known every month thing that I have to say, I'm taking this for myself.

Ramit Sethi: I noticed that you're talking about the things that you want to ask Brandon, do you think you could just ask him right now?

Alexandra: I could. I could, and I kind of have. I've hinted at it, and he's always very generous and welcoming, but we never have an actual conversation. And I think because in my mind, it needs to be a numbers conversation, it can't just be me asking and he says yes or no, but it's like we then have to sit down, and think it through, and figure out where that money comes from and how we allocate it, and then that's the conversation I don't want to have.

Ramit Sethi: Because what?

Alexandra: Not that I don't want to have it, I do want to have it, but I feel guilt because I know one of the answers is that I could earn more money and pay for it myself. And then, that's the answer, so I just shouldn't ask, because it's on me.

Ramit Sethi: Sounds like you have a lot of stories that you're telling yourself.

Alexandra: Yeah, that sounds right.

Ramit Sethi: What do you think those stories are?

Alexandra: I think one is that while I keep saying I don't make money, I can't make money, it's hard for me to make money. So, that's a story that's recurring. I very much feel that whenever I want to spend money on myself, it is an asking for permission. And again, not that Brandon set that up, I've kind of worked that into my mind, that yeah, it feels like I need to ask permission and I'd rather not ask permission, so I just go without.

Ramit Sethi: Alex has been talking around a specific example for minutes and minutes now. It's getting a little frustrating candidly. When I asked, do you think you could just ask him right now? Did you notice what she did? She just started spinning. She started giving me a 50,000-foot view of what was going on instead of just asking him the question. You'll notice this a lot.

A lot of people resist giving specific examples because they're afraid if they get specific about what they want, they're going to be seen as demanding, or selfish, or even a bitch. But I think details and specifics are where our rich life is created. That's why I pushed so hard for them. So, I'm going to use a principle now that we call from the clouds to the street, which means I want to take her from the clouds, all this theoretical, meta-level, hypothetical stuff down to the streets where we reside. Real examples are what I'm looking for.

Alexandra: Top of mind is I want to be able to purchase supplements for myself every month, and I would say that totals like 150 to 200 if you're getting high-quality health supplements for yourself. To start with, I've just been buying them little by little as I have money in my account, and then the goal, I guess, or idea was that I would be able to talk to Brandon, and be like, how can we fit this into our budget, like in a monthly thing? But the other-

Ramit Sethi: Go ahead. Ask him, He's right here.

Alexandra: Okay. Okay. Brandon, would it be okay for me to spend between 150 and \$200 a month on supplements for myself?

Brandon: I think like we've always talked about, if it's something that you want to do, I'm all for it. I say, let's go. For something that's 150 to 200 bucks a month, I do think that warrants looking at it and talking through, like is that a monthly cost that we can take on and that we're comfortable with? And are we going to get the benefits from that, that warrant that kind of a cost?

Brandon: 200 bucks a month is pretty heavy for a supplement routine, but at the same time, I'm never a yes or no, I don't make the decision, I want you to run with it and do what you feel you have to do. And I think that as we go, we just need to check in with each other. But that's, again, something where like I don't want the job to say, I hold the money, yes or no, you can do it. I'd rather like we're partners, if you feel it's right, let's do it. And then, when we hit a problem, maybe we'll take each other aside and talk about it.

Ramit Sethi: Hmm. Okay. Brandon just said a lot of words, but what did he say? Think back to what Alex asked him. She wanted to know if she could spend money on her health supplements. His response in plain English was, well, sure, but maybe not, but I guess it's not my place to say, really, and I'll leave it up to you. What is that answer? This is a textbook example of being noncommittal and indecisive.

Ramit Sethi: Remember earlier, I pointed out some of the reasons that people resist asking for specifics, well, people also resist being decisive. Why? They're afraid or they're inexperienced with making decisions. Sometimes, they feel the need to do more and more research. And most of the time, they don't

understand the costs of kicking the can down the road. I want you to listen to this indecisiveness as the episode goes on. It is everywhere.

Ramit Sethi: Alex, how clear do you think Brandon was in his answer to your question?

Alexandra: Pretty clear.

Ramit Sethi: Really? What was his answer in one sentence?

Alexandra: Oh, it was, yes, let's spend, but also have a discussion beforehand to make sure.

Ramit Sethi: Really? So, can you go out and go get those supplements right now?

Alexandra: No, we need to have a discussion first.

Ramit Sethi: Well, how many discussions are we going to have? We're trying to have 10 levels of discussion here. So, again, I want to ask you the question, how clear was his answer to you?

Alexandra: Okay. Maybe not as clear as I had hoped.

Ramit Sethi: No, it wasn't clear at all.

Alexandra: Yeah.

Ramit Sethi: He didn't say anything in response to your question. You asked him, can I get these supplements? Here's how much they cost. And his answer, although it felt neutral or slightly negative, it didn't answer your question. I suspect that this is something that happens a lot, you two talk around it because we spent the first 20 minutes of this call talking about having a conversation. Do you guys want to have the conversation right now?

Brandon: Yeah.

Alexandra: Yeah.

Ramit Sethi: Okay. So, who wants to take the lead?

Alexandra: Oh.

Ramit Sethi: What's that? What's that sigh?

Alexandra: It's like I don't even know, like I know there are things underneath the surface for both of us that we're not saying to each other, because we care about each other and probably don't want to bring up any tension. And so, we do the dance on eggshells, walk across each other, but then we don't get anywhere with it, we maybe just harbor a bit of resentment towards each other, and that's not good, either.

Ramit Sethi: I noticed that when the two of you speak, it's almost like magnets repelling, right? Not in a bad way. I'm not saying that there's no love and respect between the two of you, there is, but I noticed that you both dance around each other. Yes, I never want to be the kind of person who says this, but we should talk about it, and of course, I'm not the decision maker, she's the decision maker, and in the truck, and on, and on, and on.

Ramit Sethi: So, ultimately, you circle and dance, but there's no fulfillment. There's no answer. Sometimes, the worst thing in life is to not have clarity. I don't care if I have to do something hard, just tell me, when? Tell me how long it's going to last. I can do it, but I just need to know which direction to go. Yes or no. Brandon, do you see how you are playing into this as well?

Brandon: I do, yes.

Ramit Sethi: Mm-hmm. Tell me.

Brandon: It comes from a place of not knowing what to say, because of that question that you asked Alex just a minute ago, how would that feel if Brandon said no or yes? How would I feel in that situation I wouldn't feel good either way, because I don't want to be the all-powerful keeper of the money and say yes to this, no to that. That's not a partnership, and that's not what we've always talked about creating.

Ramit Sethi: So, Brandon, I'm hearing that you don't want to accept the mantle of being the holder of the purse strings. You don't want to be the person who's saying yes and no to money. Okay. How do you make decisions?

Brandon: I just buy it.

Ramit Sethi: Hey, I appreciate the honesty.

Brandon: No.

Ramit Sethi: Okay. How do the two of you make decisions, Brandon?

Brandon: I think that Alex and I make decisions on the large things.

Ramit Sethi: How? Describe it to me as if you're describing a McDonald's standard operating procedure, you come in here, you put the fries for 45 seconds, what's your SOP for making financial decisions?

Brandon: Step one is Alex puts together a pros and cons list on a big decision.

Ramit Sethi: Okay. So, would you write it on paper?

Alexandra: Yeah, I'm all about the notebook and pen.

Ramit Sethi: Alright. And then, what happens, Brandon?

Brandon: And then, we talk through it, and I think that we have a pretty good dialogue. I'll be totally honest with you. I've taken a couple of projects to Alex, where I'm like, hey, there's this old motorcycle or this old car on Craigslist, I think that we should jump on it, it's a great deal. And we talk through it. And then, at the end of it, sometimes, it nets with, I bought an old motorcycle, but more often than not, it nets with a, look, that's not something we need to take on right now, we have other priorities that we need to take care of.

Ramit Sethi: Okay. Great. You have more of a refined decision-making process than most, so I want to applaud you both for that. So, if you have this SOP or this way of making decisions, can we connect that to this question about supplements?

Alexandra: We could. I think it's because it's not a joint thing, if it's something just for me, that's where the hang-up is, is because he's not benefiting in any way from this. This is just me getting something I want.

Ramit Sethi: So, Alex, what is the SOP for making decisions when it's just for you or just for him?

Alexandra: If it's just for me, then it's, do I have enough money to cover it or not? And if I don't, then it's a don't buy it until you have enough money.

Ramit Sethi: Okay. Very straightforward.

Brandon: I can't tell you how many times I've told her, go buy the jeans, go buy the shoes, just do it, just buy that stuff, because I think that she feels bad about spending any kind of money on herself. And I think some of it is some family-inherited stuff of just preconceived ideas, but I think a larger part of it is the contribution thing because it's been an issue for Alex and me in the past.

We've had conversations, we've had fights about this, and I think that her mind constantly goes back, and I don't think that we fully resolved that when I look at our finances, I consider them to be a team effort, and it goes into the pool, and that's our money. Like if I'm not just like right on, that sounds great, let's do it, purchase those supplements, then she feels automatically resentful, I don't want her to spend this money, because part of me feels like she's not contributing.

Ramit Sethi: Uh-oh, did you hear the C-word? It's the word that comes up almost 100% of the time when one partner earns way less than the other. That word, contribute. Lower earners are obsessed with the word contribution. How much do I contribute? I want to contribute. There are other ways of contributing besides making money. Who's contributing? Now, the dynamics of a higher earner and a lower earner are very tricky.

I've covered this in previous episodes of this podcast, but one general rule is the higher earner must be aware of these dynamics and take on the responsibility of making the lower earner feel comfortable. For Alex and Brandon, one of the biggest driving forces behind their problem is simple. Alex doesn't earn enough money to live the lifestyle she wants. To live that lifestyle, she needs Brandon to help fund it. Well, my question then is, why did she just quit her job? I want to know if you've had discussions about Alex quitting her job.

Alexandra: So, this most recent one was not as much of a discussion as it was like, I just need to get out of this. In previous times this has happened, but we did have conversations. I'm now realizing that like Brandon's used to this, perhaps.

Ramit Sethi: How many times has it happened?

Alexandra: I've had like 10, 15 different jobs.

Ramit Sethi: What?

Alexandra: Like I've done so many different things, it's kind of crazy.

Ramit Sethi: Why 10 to 15?

Alexandra: I mean, maybe that's thinking back too far. That's not since graduating college. It's like from high school through now, I probably had like 15 different jobs. Yeah. Life has just been wild. I think for a long time, I was trying to fulfill other people's ideas of who I was, and then I've also tried to do things that I think this is who I am, and then I fluctuate, and try different things, and don't just have one set trajectory. And then, when I thought I had a set trajectory, that's when we got a divorce, and then that threw that out of the window as well. And so, everything just got tossed up in the air again.

Ramit Sethi: What age were you when you both got divorced?

Alexandra: So, we got divorced in 2015. We were like 27, I think.

Ramit Sethi: Okay. And then, how many years until you got back together?

Alexandra: It was like two years until we officially got back together, but there was back and forth in those two years as well.

Ramit Sethi: And what was the reason that you got divorced, and is that reason still present in the relationship?

Brandon: I think we got married very young. We got married when I was 21 and she was 20. And we were playing out this fairy tale story, and I think at a certain point, we just kind of hit a wall where at least, and I'm speaking for myself here, of like I was just like, what the hell am I doing? I'm grinding, making zero money. And we got married so young, we aren't fully formed people, we need to be going off and doing our own thing.

I think separating, and then being apart for a while, we did kind of realize that we are very good together, but I think that a lot of the issues do kind of exist of like, we both had that thing of like we got out of college, we felt like we were just like fulfilling these steps that were already laid out for us. It was just everybody assumed, oh, you guys are going to get out of college. Brandon, you're going to get a job, you guys are going to have kids. And I think that we both kind of got out of that, we're like, hey, that's not us. That's not our decision.

Ramit Sethi: Okay. So, you two are not sure about 200-dollar-a-month supplements. What have you noticed so far? One pattern I notice is that they describe their lives almost as if they're watching themselves float down the river of life, not as an active participant, but just as an observer. It's like they're Patrick Swayze coming out of their bodies in Ghost. And I see this a lot, the idea that life happens to you instead of you being able to influence it. In my experience, this habit of being passive is extremely difficult to change.

Alexandra: Maybe part of the problem is we let life decide for us.

Ramit Sethi: Tell me.

Alexandra: Yeah, we kind of wait and see what happens, and we have tentative goals or things we think we want in life, but we wait until there's a sign or something happens that allows that to be possible, and then we jump on it, versus, yeah, deciding for ourselves what we want, and then going for it.

Ramit Sethi: Tell me a time you let life decide for you.

Alexandra: I think that's how I roll, pretty much. Even with all the jobs I've had, I throw a wide net at a bunch of different things, and then I see what comes back, and then I go with it. That seems to be, yeah, quite a repeating pattern in my life in general. It's people-pleasing. I very much am concerned with how I'm viewed and what other people think about me, and that is what informed a lot of Brandon and I's relationship in the beginning.

The whole reason we got married, to begin with, was actually that other people didn't like the idea of us living together, and parents and even friends chimed in, saying like, well, you shouldn't live together before you're married. And so, we kind of did a double take at each other, and like, oh, my gosh, yeah, you're right, I guess we shouldn't live together before we're married, and so we got married.

Ramit Sethi: Whoa. Hold on. So, I've heard stories about this happening, because I have friends in high school, but I've never had the chance to meet an actual couple who did this. So, I understand everything up to the moment where you looked at each other, and you go, I guess we should get married. So, you're young, you're like in your late teens, early 20s. And was there a moment where you said, let's just not live together? We'll date each other, but we're not going to live together. Was there a moment where you had that conversation?

Alexandra: I don't think so. Bran, do you remember that?

Brandon: I don't think so. I think we were fully bought in on this storybook story and we were just, in a way, content just like playing it out, playing out.

Ramit Sethi: Where did it come from?

Alexandra: Parents.

Ramit Sethi: Religious?

Alexandra: Religious, yes, we got married in the Catholic Church, neither of us is Catholic anymore.

Ramit Sethi: Right. Was it unusual for you in your peer group to get married that young?

Alexandra: No. Weirdly, no

Ramit Sethi: Catholic, is that what it was?

Alexandra: Catholic, and then also like Mormon friends. Those are the other groups of people doing that around that time.

Brandon: I think parents were one thing. I think we were just very young and kind of swept up in this thing of, we're high school sweethearts, we're going to get married anyways. My instinct was kind of like, oh, we've always been told that we're the good kids like we're the good kids, this is just what you do.

Ramit Sethi: Wow. It's almost like you're just following a path that has been created for you. And not surprisingly, a few years later, you both start to ask yourself, did we ever intend to go down this path? Were we ever intentional about it?

Brandon: Yeah.

Alexandra: Yeah.

Ramit Sethi: Okay. I'm understanding now. So, you divorce, and you then get back together. Now, here's the question. Do you still have some of those same beliefs that caused you to go down other people's paths? Do you still have some of those same beliefs today?

Alexandra: I think I do, and I think that's part of the problem. is even though logically, I can know and understand certain things, and not want to repeat patterns, it's like there's a subconscious block that's there that I need to work to get rid of. And I think one of those stories is that the husband is the provider, and the woman stays at home and has the kids, because that's what my mom did, that's what Brandon's mom did, that's what our grandmas did, like that's the women in our family, was that was the role. They weren't career-oriented. They didn't have jobs. They stayed at home with the kids.

Ramit Sethi: These are great examples of invisible scripts. All of us were raised with beliefs that are so deeply held, that they're invisible to us. Alex saw the women in her life staying home with kids, not having a career, and so she believed it. How many ways do you think she absorbed the message that working is not for women? Think about the specific times she might have picked up those messages. Maybe her mom once said, that's what men are for. Maybe her aunt once said, why would you work? Maybe her grandma had her phrases. These are the types of messages that we invisibly absorb for years and often decades. We're all guided by invisible scripts, and sometimes, those invisible scripts are positive, like working hard gets you good results. But other times, those invisible scripts do not serve you

anymore. Now, for Brandon, recall his lack of specifics, and his inability to make a decision. I want to tackle that. Do you think we can make a change to that? If you were to say no to Alex, no, you can't buy this, would it make you the bad guy?

Alexandra: Yeah, oh, my gosh, there it is, I've never thought of it in that way before, he doesn't want to be the bad guy and tell me no, and he's operating with that story in the back of his mind. And that's why he dances around or we don't quite answer it.

Ramit Sethi: Brandon, what would happen if you were to say no? Play it out for me.

Brandon: I think that if I were to say no on my side of things, I would feel hypocritical. I would feel misogynistic. And in a way, I'd feel overbearing. And then, on Alex's side, I feel like she would feel her belittled, lessened, that her voice isn't strong and as worthy as mine.

Ramit Sethi: What do you get to become when you avoid making a decision?

Brandon: Good guy.

Ramit Sethi: So, you're doing everything to fulfill the idea of being the good guy. I'm not the one who has to hold the checkbook. It's both of ours. I love you. I trust you. You make the decision. You're the good guy because it's not up to you. There's only one problem.

Brandon: I think the problem is the input. If I'm providing, does that mean that I need to assume the responsibility or does it mean that I have to find in myself the ability to buy into this completely as a couple, as a team to say, whatever I produce in this world is 100% mine and Alex's, we share.

Ramit Sethi: Well, I don't know the answer to that, but you two do, but you haven't dared to confront it. You earn the money, Brandon. There's nothing misogynistic about saying that you are the earner for this family. Fine, you've accepted that. Fine. That doesn't necessarily mean that you make all financial decisions for the family. That's a separate issue. Let's first acknowledge, you are the earner for the family. Can we all agree on that?

Alexandra: Yes.

Brandon: Yes.

Ramit Sethi: Okay. So, you tell me, how do the two of you want to make small financial decisions? Let's start there.

Brandon: For the small decisions like the supplements?

Ramit Sethi: Yes.

Brandon: I want Alex to come to me, and say, I want to spend on this. And then, we both look at our bank accounts and determine whether or not that's the way to move forward.

Ramit Sethi: Okay. Well, she did that. She came to you and said, I want to spend \$200 a month. So, you have all your finances in front of you. Now, I want to watch the two of you make this decision.

Alexandra: Okay. What I would say and what I've been hesitant to say or don't say to Brandon is that I feel this is a reasonable ask, because if I'm to tally up the amount you spend per month on yourself or the things, yeah, you buy just for you, this is minimal comparatively, so it's not that much and I should be able to just get it, but I also want you to know that you spend this much more than I do.

Brandon: Yeah.

Alexandra: I think I could find the little things, the eBay purchases, the things here and there that all add up that I'm not spending on myself.

Brandon: Yeah. And that's fair. But I think it all comes back to, I think both of us need a framework to work within because you've got the supplements, and believe me, when I say this, I want you to do everything, because again, like I want you to feel empowered to do these things and I want these things for you. Absolutely. But you do have supplements and dance classes. We spend a good amount on some kind of upscale groceries to buy certain things. So, there's just like when you start to kind of stack things up and I do the same thing, it becomes a lot.

And then, all of a sudden, we're in the zone, where it's scary because we don't save or like we're spending more than our means, and we're not chipping away at our bad debt that we need to get out of here. So, a \$200 a month thing, I feel like, is just, that's something we need to consider. It has to be beneficial to us as a family. So, I want that. I want to step back, take a look at that, and say, is there a good reason to be spending this money monthly? Alex, I want you to contribute to our bottom line, so that when we have these discussions, we can come to it as equal partners.

Alexandra: I understand it's important to you that I am contributing to this. It may not be at an equal amount, but something, and I'm aware that's important to you, and I want to be able to provide that. I'm sorry I haven't been able to do it to the level you've wanted. The other thing I want is I do want us to look at all the finances. My first step in this dance is I want us to read Ramit's book together, go through it, and make sure we're on the same page. Even though I don't have the contributing finances yet, I want us to start on the trajectory of knowing where our finances are at. And then, when I have the income to provide, we're just that much more prepared and ready to allocate everything accordingly.

Ramit Sethi: Brandon, what did you just hear Alex say to you in one sentence?

Brandon: She wants me to be on board with her vision of managing the finances.

Alexandra: I feel like I'm feeling resentment like you don't like that it's my vision, that maybe you have a different idea that you'd want me to hear.

Brandon: Yes. I want us to be aligned on a compromise of yours and mine. Mine, I don't want to manage to a fine point the granular finances. I work a lot in a stressful environment and I don't want to chase down every dollar. I wish that I was super financially savvy, like with the stock market and I could do all that, but my brain doesn't work that way. And I want you to take ownership of the finances for us to include paying bills and all that. But like Ramit said, I have serious concerns about some of the freedoms within that income that I'm bringing in, that I'm concerned, that I will lose the freedom to exercise some of the things that feed my soul after working a long day.

Ramit Sethi: Okay. Pause. This is great. Alex, he just said a lot. What do you take away from that?

Alexandra: It makes me so excited. You say that you would want me to like pay bills and be on top of this, I'm like, yes. And guess what? You haven't read Ramit's book yet, but I know his ways and all you're talking about is Ramit's rich life. The things that are important to you and you want to spend money on, I'm not going to nitpick those things. If those are the things that truly bring you joy in life, I'm going to put that in the rich life category, and we're going to figure out all the other expenses and budgeting in other areas that are less meaningful to us. So, it will all be okay and you don't need to worry about being limited or cut off in the areas that are important to you, and that can be conversations we can have.

Brandon: I feel entitled to that release because I work hard, and I think it is just like I work hard, and it's stressful, and a lot is going on. And so, sometimes, I do feel entitled like if I want to go on eBay, I've

earned that, and I'm going to do it, and I'm not going to ask anybody, I'm not going to explain myself to anybody.

Alexandra: I get that.

Ramit Sethi: Validate him, Alex.

Alexandra: Yeah, Brand, you do work hard. You work incredibly hard. You are a great leader in your work, and I'm so impressed by all the things you do, and you do deserve that time to, yeah, kick back, relax, work hard again in your way, in your garage and your projects.

Ramit Sethi: Yes, this is great.

Brandon: One thing that I'm afraid of is we go through Ramit's strategy, and then we find that like, look, there are a hundred bucks at the end of the month that is like free use, and then, all of a sudden, it's like, well, I can't do anything with that, like my projects need more than that or whatever.

Ramit Sethi: Ask a question, Brandon.

Brandon: So, how do we go through this process but retain my ability to exercise my hobbies?

Alexandra: That's a great question. I'm not exactly sure, but I think it might be making adjustments in other categories.

Ramit Sethi: If you had \$100 a month, Brennan, is that too little?

Brandon: That's too little.

Ramit Sethi: If you had \$500, is that too little?

Brandon: \$500 could do it.

Ramit Sethi: That's it, all we had to do is ask two numbers and we got the answer?

Brandon: Okay. Maybe let's bump that up.

Ramit Sethi: Pick a number. It's not my budget, it's yours.

Brandon: I'm thinking about larger projects, and I think about, okay, well, if I need to do something heavy, I got to save over like three or four months, and how do I do that?

Ramit Sethi: Just give me some specifics here. I'm dying for some specifics. You guys are going to walk out of this call feeling good, and tomorrow, you're going to wake up and realize you have no plan, whatsoever, and it's going to be like another conversation you had where nothing gets solved. I am dying for specifics here. Please.

Brandon: \$500 a month would be a workable budget.

Ramit Sethi: Lovely. 6,000 bucks a year. Buy all the car parts you want and motorcycles. I love it. I'm so happy. Of course, you can adjust that number if you want. Perfect. This isn't set in stone.

Alexandra: I have a question. Do I get any budget for things I need or do I need to wait until I'm earning my own money to be able to have my budget for things I want to spend on myself?

Brandon: That's a question. That's my answer there, right?

Ramit Sethi: It's not mine unless you want me to allocate your money for you. I'll be happy to do it. You might not like what I allocate it to, though.

Brandon: Ramit, I have to be the good guy, so you're going to have to take this one.

Alexandra: No.

Ramit Sethi: No. Go ahead.

Brandon: The answer is just as I have a budget for my stuff, I want you to have the same budget for your stuff.

Alexandra: Is it an even budget or is it a minimized budget, because I'm not contributing as much? Like do I not get as much—I know what you're saying equal, but I'm allowing you to speak your truth if you think that it shouldn't be even, and I will respect that.

Brandon: I don't know. Not even because of input. Again, I'm doing my absolute best to look at all of this as like equal partnership. Ramit came to me and asked, what was my budget? What's your budget for your stuff that would provide you with the stuff that makes you happy and fulfilled, and feel like you've got what you need for the month?

Alexandra: It might be around that 500-dollar mark, also, if I'm like living my rich life and like the things I want to do.

Brandon: Okay.

Alexandra: I don't know if we have a thousand a month to allocate to this. I kind of feel like we don't, so we're thinking kind of lofty here. But once we go through everything, we'll know for sure, and then we can talk to find what the real number is.

Brandon: Okay.

Ramit Sethi: I'm loving this so far. I'm loving this. I love a couple of things about this. One, I love that you're both asking each other these very crisp, candid questions, hey, how much do you need to feel good about your hobbies? Well, okay, I gave you my number. Now, I have to ask you the same question, how much do you need? I love that. That's a pretty pointed direct question. I love that you both dare to do it.

The other thing I love, Alex, you said I don't know if we have this much money, but let's at least take these guesses and go figure out the plan. That is a beautiful way of thinking about it. You know the most important thing you're doing right now is coming up with some basic frameworks for your finances. Now, you need to go test it against reality and see how much you have every month. But guess what? Maybe you don't have enough to do it. Okay. You both cut your number down by 25%. Great. Oh, you know what, that's not going to let me have enough for my motorcycles, and I want it. I'd like to discuss with you that I want to have a little bit more. And Alex, I think for the time being, I'm going to need you to take a little bit less. Of course, when you earn more, we can discuss X, Y, Z, whatever is your framework. I love that you're both getting into making decisions right now. Brandon, how are you feeling?

Brandon: I'm feeling good.

Ramit Sethi: I think what you're going to realize when you finally check all these boxes is how much of reality you've been ignoring. The numbers are the numbers, they're already there, and they're happening

one way or another, it's just that you haven't been intentional behind it. I think you're going to realize how indirect you two have been with each other and how just setting simple rules like, I want you to manage the conscious spending plan and I want you to pre-read before we come Sunday at 11:00 AM.

It's clarified so many things. Finally, I think that you are going to both start to realize, yeah, okay, we have a long road ahead of us in terms of paying off our debt, and maybe I can't spend as much as I wanted to on the things I want in the short-term, but we have control of our money. We can decide if we want to pay off our debt faster. We can decide if we want to live somewhere else. We can decide if financially, we want to have kids. We now have control of our money. We can see more than 50 yards ahead. That is an incredibly powerful feeling. Incredible.

Believe it or not, most people would rather not know the truth, even though it feels painful. Every day, they're fighting and [making sounds] but they don't want to know the truth, because they have to look at the whole picture, and it's scary. You two are showing a lot of courage. You are courageous enough to confront reality, to look at the numbers, to build some bridges in your relationship, and the answers are going to be scary. Yeah, you have a lot of debt. Yeah, you might not be able to spend as much as you want, but you are in charge now. The world isn't passing you by, you are in charge.

Alexandra: That's right where we want to be.

Podcast Episode 23: I live in constant fear that our \$425k income isn't enough

Synopsis: Lauren and Alex bring in \$425,000 a year, and they've just invested in a \$1.3 million dollar home. Alex feels like they're flying high, but Lauren's lost her sense of security. She wants to save for a beach house in Carmel, not invest in double-glazing windows.

Their savings plan has gone awry, and all she can hear is her father's phrase "It's not how much you make, it's how much you save" every time they have to make a big purchase.

What is stopping Lauren from being more secure? Listen for the cues. Do you think buying a shack on a beach will really wash away her deep-rooted financial fears?

Podcast Transcript:

Ramit Sethi: How do you talk about money with your partner when the two of you can't even agree if you're doing well or not? Today, meet Lauren and Alex. Lauren is worried about money. She's constantly feeling like they'll never have enough. And ever since they bought their new house, all she sees is

expense after expense. And now, she started to resent the house, because every payment they make is one less dollar she can save towards what she wants, and that is a beach house.

She even tells me, I won't be happy until I finally get that beach house. Alex can't understand why Lauren feels scared about money. They earn \$425,000 a year, and he's proud that they bought this 1.3 million-dollar house. He doesn't mind the repairs. He knows that's what comes along with an old house. As you listen to today's episode, pay attention to the clues. You'll hear them in Lauren's profession, in her face cream, in the number of cars they have, and in that dream of a beach house. I'm Ramit Sethi, and this is the I Will Teach You To Be Rich podcast.

So, Alex, you feel like you're flying high, so why do you think that Lauren asked you to come to this recording?

Alex: Well, I think that she thinks that we're not okay financially, that because we've taken on massive debt with buying a big property that that is a risk, and the future is always uncertain, whether it be I lose my job or I don't longer have work, just consumed by financial fear. And I think that that's why she's reaching out to you.

Ramit Sethi: How did you feel when she suggested coming to this? What were the emotions that went through your body?

Alex: Are you kidding me? That's what it was, my first thought. I was like, we're doing great. There's no need for a coach. And I think that this is just another one of those reassurances, she needs to be constantly reassured. And if she's reassured financially that the decisions we have made thus far are in the right direction, she will be able to sleep better at night.

Ramit Sethi: Give me an example of how you are fearful of money.

Lauren: Well, I would just rather not spend on big life purchases such as a mortgage, like we had to rent for two months while we were in between homes, and I kind of loved it. I loved having no maintenance and just sacking money away in the bank. I didn't have to worry about being a homeowner where just like anything could go wrong at any time, and then we'd have to spend money on broken pipes, and broken this, and broken that. It just feels insurmountable right now, because we have this new mortgage, and four cars, yes, are we both making a lot of money? We are, but it still doesn't feel like enough. And I don't mean that in a way like with greed, but it's just like we are not saving right now as much as I would like to be saving.

Ramit Sethi: You'll hear this a lot. You'll hear people saying, we're not saving enough, and they start spinning in their heads, we're not saving enough. If we don't save enough, we could run out of money. If we run out of money, we're going to be out on the street. If we're out on the street, our kids will die orphans. And when you ask them, how much is enough, they are almost visually shaken out of their stupor. It's very easy for people to catastrophize about certain things in life, to focus on the very worst that can happen.

And money is a really common example, mostly because we don't understand it. We don't know how to calculate how much is enough. We don't understand compound interest, which is extremely counterintuitive. Candidly, most of the people who worry about money have never spent a single weekend reading a good book about personal finance. In their case, they could find the answer very quickly. They could then decide if that is enough for their rich life. Is it not? But right now, Lauren is getting something out of this, spinning out of this catastrophizing, and it's allowing her to take this frenetic energy, and at least pretend to focus it somewhere.

Lauren: I feel like I'll be complete if I can buy this beach house that I want.

Ramit Sethi: Complete?

Lauren: I would not want another thing, materialistically.

Ramit Sethi: Alex, do you believe that?

Alex: Honestly, I want to believe. I think that I've talked to her before about this. I think that wanting money always leads to more money.

Ramit Sethi: People's perceptions of money are highly uncorrelated with how much money they have in the bank. I talked to multimillionaires who feel poor, I talked to people of 50 grand who feel on top of the world, and vice versa. Okay. Highly uncorrelated, your feelings. And the irony there is that many of us believe if we change the number in our bank account, our feelings will change. Rarely happens, rarely happens. To change your feelings, you know what you need to work on, your feelings? I'm going to go out on a limb and guess that when you have told Lauren that, Lauren, we make a lot of money, it doesn't work. Is that a good-

Alex: Yeah.

Ramit Sethi: It doesn't work, right?

Alex: No.

Ramit Sethi: And so, when you did that and it didn't work, what did you do next?

Alex: I said, no amount of money that we make will make you feel secure, because if we're making a million dollars a year, you're going to think, oh, we need two million or a million-and-a-half, and it's just going to keep escalating.

Ramit Sethi: Mm-hmm. When do you remember first being afraid of money?

Lauren: Oh, gosh, probably like my first memory, like having to ask my dad for money for soccer cleats, because my mom couldn't ask him.

Ramit Sethi: Why?

Lauren: We cannot discuss money with my dad.

Ramit Sethi: What would he do?

Lauren: Blow up. Blow up.

Ramit Sethi: What, he didn't have enough, he felt uncomfortable, what was it?

Lauren: I mean, he made as much money as Alex and I, but he had four kids and he just felt like kind of like how I feel, that it just never ends, and all I would hear growing up is the outflow is more than the inflow.

Ramit Sethi: This isn't surprising at all. 90% of the time, I can trace back your money beliefs to what your parents believed, and you have to recognize that your parents were probably not very savvy, financially speaking. These are what I call invisible scripts, these beliefs that are so deeply embedded that they're invisible. When you grew up, you absorbed random phrases your parents said.

You might have heard them complaining about money. You might have heard them say phrases like money doesn't grow on trees. It's hard for people to acknowledge that these phrases you heard 40 years ago can be controlling your behavior today. People like to believe that they're in control of their behavior, that they're rational and logical, and that if they believe something, it's because they weighed the evidence. And what we learn from social psychology is that that belief is largely bullshit.

Do you think you put bananas and cornflakes because you just happened to discover that? No, it's because a banana company invented the idea of putting bananas in cornflakes about 100 years ago. Do you know why you feel certain ways about money? It's often because of something your parents said 40 years ago. And this is humbling, because to truly change, you have to acknowledge that many of your beliefs are not yours, you just inherited them.

That sounds familiar, doesn't it?

Lauren: Yeah.

Ramit Sethi: What other phrases did he say about money?

Lauren: Money doesn't grow on trees. Oh, it's not what you make, it's what you save.

Ramit Sethi: Wow. Do you see any connection to some of the phrases you said earlier?

Lauren: Of course. Of course. Believe me, I know I've got him living inside me. Even though I knew my dad was making a lot of money, we never felt rich.

Ramit Sethi: How much was he making?

Lauren: At like the height 20 years ago, probably 450,000 a year.

Ramit Sethi: 450,000 a year in approximately the year 2000. That's a lot of money. And how did he feel about his money?

Lauren: That he didn't have any.

Ramit Sethi: Yeah, yeah. And by the way, how much is your household income right now?

Lauren: 425,000.

Ramit Sethi: Are you hearing these similarities? Four kids, four cars, 450,000-dollar income, 425,000-dollar income. There's not enough money, both of them said that. It's almost like looking at yourself in the mirror. Let's find out why this house is causing so many problems in their relationship.

Alex: We found this beautiful home from the 1920s that the design was just incredible, and we both fell in love with the house right away, reminded us of our childhood, reminded us both growing up. I mean, I came from Chile when I was 10, and reminded me of my grandpa's house, she had the same feelings as her grandpa.

Ramit Sethi: How much did the house cost?

Alex: One million three hundred and eighty-one?

Ramit Sethi: Okay. And how did you both feel about the financial side of that?

Alex: We crunched the numbers, needed some electrical work, and needed some other things, we did the numbers, and that was the most we could afford, and still have money left over to fix it, and then have money left over in our savings. So, we didn't drain our savings to get the house.

Ramit Sethi: Very good. Sounds like you did, actually, a pretty thorough analysis, which is phenomenal. Lauren, do you agree with what Alex just said?

Lauren: No. So, getting into the house, more things needed to be fixed, like more than met the eye, originally, and it was overwhelming to me. It was just beyond, and again, I felt that same horrible feeling like, oh, gosh, the spigot has been opened, the money spigot, and it's never going to stop, like the faucet is never going to stop, because it was just one thing after another that you just don't realize when you're in the exuberance of, oh, my God, this house is so amazing, well, there were no appliances, there are no window coverings, there's a roof that was not insurable. And it just felt like even though we'd run the numbers for a lot of the things, there were some things that we just overlooked, just until you get into a new house, you just can't predict.

Ramit Sethi: What started happening at this moment between the two of you?

Lauren: Fighting. I was trying to control Alex's spending, because he would just be like, oh, I called a contractor, he's coming tomorrow, and I'd be like, well, did you get an estimate? How much is this? And he'd say, oh, don't worry about it, it's fine. And I said, no, no, no, no, no, how much is it going to cost? And so then, I started micromanaging Alex's expenditures, and in his defense, I started lashing out by just like spending, because I was just like, whatever, this is out of control.

Ramit Sethi: What was it that you went off to buy?

Lauren: Skincare.

Alex: Face stuff, probably.

Ramit Sethi: Wait, hold on. What skincare? What brands are we talking about here? La Mer, what are we talking about?

Lauren: Skinceuticals.

Ramit Sethi: Oh, okay.

Lauren: I see dermatologist appointments.

Ramit Sethi: Ah, okay. So, this was basically, I'm going to do something for me, right? Why? Why were you doing it for you?

Lauren: Because it's not fun for me to spend money on roofs and appliances, and it's depressing. I think I was just seeking some sort of self-soothing.

Ramit Sethi: Yeah, that's pretty perceptive of you.

Alex: You know, Ramit, a house from the 1920s, it's going to need things. It's a beautiful home, it's not a new house, so I always knew that there were going to be other things. I mean, I could fix this house forever and never finish, because it's old. But the charm of the house is the fact that it's old. The value of the home is going to increase, and we're putting money into a home—we're not throwing the money away.

Ramit Sethi: You mentioned being really at rock bottom before, what was rock bottom for you?

Alex: Well, rock bottom is not having a job, being in debt, being in a failing relationship, and having to crawl myself and reinvent myself.

Ramit Sethi: And so, now, when you wake up and you look out the window of this charming 1920s house, what are you feeling?

Alex: I feel empowered, I feel happy. I feel fulfilled, I feel that, wow, look at me now, and look where I was, and look what I've put my hard-earned work, and look what I have accomplished, so I know what it is to not have any money for food, to not have a place to stay, and sleeping on people's couches, and feeling like I was a total deadbeat, that how did it get here? I did not know what to do at that time, and I always think of that moment. I always put myself in that very low moment, and then when I wake up and look at what I'm doing now, I can only smile, that's-

Ramit Sethi: Got it. I appreciate that you can celebrate how far you've come. I think that's pretty cool and that's something I wish more of us could do. So, I think it's very cool to hear that.

Alex: Thank you.

Ramit Sethi: Lauren, when you're looking through the windows of this charming 1920s house, what are you feeling?

Lauren: I need to replace the windows next because we're close to a street that's traffic-y and it looks just like more dollar signs. I wake up and I look out the window, and I think, how much do double-pane windows cost because we need them?

Ramit Sethi: Alex doesn't seem to be thinking that way at all about this house. What do you think about that?

Lauren: It does make me happy for him, but to see him so happy, because he does work so hard and he has worked harder than anyone I know, and he supports me in all of my endeavors, and it's not easy, because I've taken on a lot of extracurricular degrees and other—like not only do I work for what I do, I also teach. I have like a lot of side hustles, and he just supports me in everything, so I just think, okay, well, this is the one thing I can do, just to see him happy does make me happy.

Ramit Sethi: Do you think that his happiness has to come at the expense of your happiness?

Lauren: Well, it is right now.

Ramit Sethi: Why?

Lauren: Because he got his dream house and he has his dream car. And he's very generous, I have very nice jewelry, I have very nice purses because Alex is very generous, but I feel like my main goal is that house that I can't have now, probably for like 10 years.

Ramit Sethi: And if you can't have it for 10 years, what does that mean?

Lauren: That I mean, I'm going to be old by the time I get it.

Ramit Sethi: 50 is old.

Alex: That's what I told her.

Lauren: Well, but the people in our lives, who I want to celebrate it with, like our parents and my nieces, like my nieces aren't going to want to come stay out at a beach house when they're 20. My parents may not be alive, our parents may not be alive. So, it just feels like water just going through my hands, and I feel like time is just running out.

Ramit Sethi: Mm-hmm. What is this concept of a beach house? Where does it come from?

Lauren: Well, Alex identified it for me that I'm just trying to recreate happy times in my childhood when we used to go out there.

Ramit Sethi: We'll get there. Okay. So, we'll get to the childhood, don't worry. It always starts in childhood. But for you, when we talk about a beach house, is it a specific city?

Lauren: Yes.

Ramit Sethi: Which city?

Lauren: Carmel.

Ramit Sethi: Beautiful place. Alright. And do you know the exact part of Carmel you want to get the house?

Lauren: Yeah, I'm pretty open to it, I just want to be in Carmel, so there are things that we could afford... well, sorry, we could have afforded. Now, not because of the expense outlay on the house that we're in now. So, I know exactly, I'm not even picky. I don't even care if it's a shack. So, this is not about the status, I don't want the \$10 million house on the beach, I just want the shack in Carmel, and I'll be happy.

Ramit Sethi: So, let me make sure I understand you correctly. You're not picky about your beach house. You are willing to have a shack, it just has to be in Carmel.

Lauren: Correct.

Ramit Sethi: Okay. Alex, do you agree with that?

Alex: Well, but I see there's like an oxymoron there with her statement because she says she wants the house in Carmel and she doesn't care that it's a shack, okay, so a shack equals repairs, which she doesn't want-

Lauren: No, that's not true.

Alex: ... unless it's in Carmel. You see the problem, Lauren?

Lauren: Here, let me explain.

Alex: Okay.

Lauren: I didn't want a fixer-upper that is a primary residence, because I have to work from home right now, I don't want to be looking at mess all day long, but if it's my passion, and in my heart, and like I've told you before when we looked at those shacks that we were going to buy, I said, I'll go out there and I'll paint it. I will put the floors in myself. This is my passion project. Did I not say that? I did say that.

Alex: You did, but, Ramit, let me put it in perspective here. Lauren doesn't understand, I work in construction, what it takes to build a home, to fix something. Now, you say that, but when it comes down to it, it's going to be a lot more grand than what you think it is. There's a lot more involved. You work in finance, not with your hands, so that's kind of like your will being taking over reality in that aspect. Also, to clarify, Ramit, our house that we just purchased, Lauren makes it sound like it's crumbling, and it's like this bucket, the house is beautiful, so there's nothing wrong with the house, except that maybe it needs new windows because the windows are old, single-pane glass. Other than that, you could perfectly live in the house with zero upgrades, because we already did them.

Ramit Sethi: Okay. A lot of things to unpack here. First of all, is it just a Windows issue? If so, how much do double-pane windows cost?

Lauren: We're waiting on the estimate, but probably 60,000.

Ramit Sethi: Okay. That's more than I thought. Okay. 60,000, fine. 60,000, how long would it take you to be able to afford that?

Lauren: Well, I could afford it right now, but then that takes me 60,000 farther away from the beach house.

Ramit Sethi: So, what's the answer to my question?

Lauren: 20 years.

Ramit Sethi: It takes you 20 years to afford \$60,000 on a 425,000-dollar income. How so? Walk me through it.

Lauren: Because we have got to come up with a plan to put savings to the beach house, and then a pot for the home improvements, because right now, everything's just sitting in the fund, which was supposed to be for the beach house, but now, maybe it needs to be for the double-pane windows, I don't know. This is where the confusion and I just want to bury my head in the sand.

Ramit Sethi: Yeah, I can see that it would feel overwhelming. You have these numbers, and the numbers are quite large, your income, your savings, your mortgage, double-pane windows, and then this Carmel beach house. These are pretty big numbers. And from your perspective living in it, I can imagine, you're just like, oh, my God, 20 grand here, 15 grand there, 60 grand over here, I don't want to talk about this anymore. Like, God, I just want to have a place to live that works. What do you think my perspective is from talking to you and looking at your numbers when I ask about your double-pane glass?

Lauren: I think you're probably thinking like, stop crying and you can afford it. But the but is my amazing salary is contingent on a lot of things in the future, which I don't want to waste too much time on, but I am dependent on inheriting someone else's clients. And anyway, I don't want to digress, but basically, I don't have the assurance that I'm going to be making that much money in the future, and it's going to continue to go up, whereas Alex is just like, of course, it's going to go up, why wouldn't it go up?

And then, I'm negative for thinking like, this might be the top of my salary, but I just want to be realistic. This might be the best that I can do in this career that I've chosen. I don't want to limit myself, and I know that might be pessimistic, and if it is, I may have to find something else or like increase the side hustles that I have going on.

Ramit Sethi: And could you do that?

Lauren: I could, but that overwhelms me, too. But I could.

Ramit Sethi: What would it feel like if you were not overwhelmed with money if you had a very specific plan?

Lauren: So, I would free up time, probably, to do things that we like doing together, but I'm constantly worrying, constantly budgeting, trying like the new budget diet of the week.

Ramit Sethi: Well, you're not budgeting, right? You mentioned it doesn't work, so how much time are you spending on your budget?

Lauren: Well, I do still track all of my expenditures. It's just too hard for me to include Alex in his expenditures because it's already hard enough trying to track mine. So, I'm doing a lot like when it comes to like tracking, saving, and investing.

Ramit Sethi: And does it get you anything?

Lauren: No.

Ramit Sethi: So, why are you doing it?

Lauren: I mean, it is interesting to see how much I spend on groceries, and skincare each month, and gifts, because I spend a lot of gifts.

Ramit Sethi: It's not that interesting. I mean, why are you doing it? I'm asking legitimately. You told me before we started here that budgets don't seem to work, they're like the diet fad of the week, and then now, you're telling me, you spend a lot of time on it, so why? What are you getting out of it?

Lauren: I think it's going to lead to something, but I don't know what. I'm getting something out of it. It makes me feel responsible that I'm tracking my expenses.

Ramit Sethi: Uh-huh. Keep going.

Lauren: I feel responsible, and I know where the money—it probably has something to do with control, maybe, but I like knowing—it makes me feel maybe less out of control because I've got these Excel spreadsheets and I'm tracking things.

Ramit Sethi: Mm-hmm. And control means what?

Lauren: Like that I'm not out of control, that we're not—I don't know what control means, to tell you the truth.

Ramit Sethi: What parts of life are you in control and what parts of life are you out of control?

Lauren: I feel like I'm in control of myself, like I'm very disciplined in my diet and exercise, and I'm very dependable as an employee to my clients, and I think I'm a very good wife, and I'm a very good daughter, and I'm an excellent aunt, and I'm in control of those things. But there's a lot of things outside that I can't control, if there's another beam that's broken at the house, I can't control if I don't progress in this particular field, this niche field that I'm in, like because it is very dependent on other people.

Ramit Sethi: And what are the commonalities of the things where you're out of control?

Lauren: Like the commonality of where things where I'm not in control, they're dependent on other people.

Ramit Sethi: Mm-hmm. In this case, in your financial household, who's the other person?

Lauren: Alex.

Ramit Sethi: And for the one at work, who's it dependent on?

Lauren: My partner retiring.

Ramit Sethi: Yeah. And how does that feel? I asked Lauren if she could just rent a beach house and create those family memories that way. Most of us resist these different ideas because we have a vision of the way we thought our lives would turn out. We thought we might go to college at this college. We thought we might have this kind of job. We might marry this type of person and live this kind of lifestyle. Often, we are operating on these scripts that were created decades ago, and one of the biggest insights that I've had from my coaches and mentors is to push and understand what is it you're getting at. If you wanted to have this type of job, why? What does it get you? That way, sometimes, you can achieve the same goal maybe in a different way. So, for example, if Lauren wants to create these family memories with a beach house, fantastic, you can do that. Maybe it means you can rent and do it now instead of having to wait 15 years to own. Owning is not the point here, creating the family memories is.

Lauren: Wouldn't be the end of the world if we just rent a house out there, like my birthday's coming up in a few months, I can rent a house and invite everybody for the weekend. I could do it.

Ramit Sethi: You could do it, and I appreciate you coming on this journey with me. Now, I want to flip that a little bit, because you just went positive on me. I loved it. What would be wrong with doing that? Tell me the truth.

Lauren: Well, it's a little unproductive, because that, say, it's \$1,600, I don't know what the going rate is right now for just a normal house within walking distance of the beach, let's just say 1,600, 2,000 for the three days of the weekend, Friday, Saturday, Sunday, that's 2,000 that could be put towards the down payment of being an owner out there.

Ramit Sethi: That's it, that's your big reason?

Lauren: Yes.

Ramit Sethi: How come you didn't use the same logic when you bought that SkinCeuticals and all that dermatology stuff?

Lauren: Well, I have to have some pleasure.

Ramit Sethi: Yes, I agree. You put money, a lot of money into your skincare, I have no problem with it, I'm not judging you for it, I think it's great, but notice that you never, I guarantee you have never said, Lauren, this money I just used for the dermatologist could have gone towards my down payment, so I'm not going to do it. So, how come you do that when you're talking about taking your family and creating these memories in Carmel?

Lauren: I have thought of that, and it feels like there's just an—and I have had that rational thought of, why don't you pull back the expenses here and put it towards what you want? And that feels like a thought, and then I'm just like, oh, whatever, well, I kind of need—I'm like, oh, well, I guess I'm contradicting myself because I think it's not that much money anyways.

Ramit Sethi: The best insights are found in the contradictions. I love that you are running into the wall and backing yourself into a corner. I love that. Because it's too easy for smart people to talk themselves out of the corner. And so, my job is to help you get in there, and then realize, oh, my gosh, I'm grappling with these contradictory beliefs. I believe in self-soothing, taking care of myself, I believe in helping my family, and creating these great memories, and yet even though I have the opportunity in front of me to do that, I'm creating an obstacle to myself, and what is that obstacle you're creating for yourself?

Lauren: Not renting the beach house and creating the memories now.

Ramit Sethi: Yeah. The belief that you have to own, even though you, yourself, know that it's going to take you 10-plus years to be able to do it.

Alex: This is not a conversation we haven't had before, if the goal is for her to have these memories with her family and we can do it, then ownership is not needed. And making more money isn't the answer, either. So, I'm thinking that she's answering her question. She's answering her fear.

Lauren: Every day, I just feel insecure. I just feel that there's not a plan in place there.

Ramit Sethi: A plan would give you what?

Lauren: Security.

Ramit Sethi: What does that mean?

Lauren: Security means that I might not have to worry as much.

Ramit Sethi: Mm-hmm. And then what?

Lauren: I don't even know if that would give me more security.

Ramit Sethi: Keep talking.

Lauren: I mean, it feels like maybe I would just have some sort of predictable future.

Ramit Sethi: You're getting close to the crux of this. It would feel like I would stop worrying, but finish that sentence for me.

Lauren: It would feel like I would stop worrying, but even then, there are things in life that we can't control.

Ramit Sethi: That's right. That's right. So, maybe you would get a succession plan at work and the worry would go away, how long would it go away for?

Lauren: Ten minutes, before then I would think, okay, great, the clients that I did inherit don't like me anymore.

Ramit Sethi: Ten minutes, not even one weekend. You go to a restaurant, you tell them, I'm celebrating, and they bring out a little cake with some candles, not even one weekend?

Lauren: I'm just being hypothetical with how fear can rule my life when it comes to finances and especially my career.

Ramit Sethi: Okay. You're exactly right. Do you think, Alex, that maybe there's a way for you to connect with Lauren so that maybe the two of you could start going towards this journey together?

Alex: Oh, yeah. Absolutely, yes.

Ramit Sethi: Great. That's a great start. Awesome. Now, what do you think is a good way for you to connect with Lauren on this topic of the house?

Alex: Perhaps being more open to discussing it?

Ramit Sethi: Well, let's do it right now.

Alex: Sure.

Ramit Sethi: We're here. Might as well.

Alex: Might as well.

Ramit Sethi: Go for it, and remember, what is the goal of this conversation you're about to have?

Alex: The goal is for us to connect, to be-

Ramit Sethi: Okay. Connect, and then what did Lauren say that she wants to walk out of here with? What would make her feel secure?

Alex: To feel less financially fearful? Isn't that what she said in the beginning?

Ramit Sethi: I don't know. Ask her, don't ask me. Ask her.

Alex: Lauren, you said-

Ramit Sethi: Uh-uh. Ask her, don't tell her.

Alex: Okay. Would having one-to-one conversations about this topic, about ownership versus renting and creating memories, would dissipate your financial insecurity?

Lauren: I don't know. I don't know if talking more about it, maybe, yeah, talking about our finances as a joint married couple might help.

Alex: Okay. So, if we had like a monthly meeting and we discussed our finances more so than we were because technically, we weren't talking about them with a fine-toothed comb. We were just meaning our monetary goals. That's not discussing them. So, if we had a conversation every month, and we were meeting our goals, and talking about them, would that make you feel less financially fearful?

Lauren: Probably. I mean, it could, and I think it's worth a try.

Alex: We will be more in touch and you don't have to feel like you're kind of swimming by yourself.

Lauren: Thank you.

Ramit Sethi: What is stopping you, Lauren, from feeling more secure? Is it having a monthly conversation? Do you even know what you talked about in this conversation?

Lauren: No.

Ramit Sethi: You guys are talking right now and you're talking about a future conversation. What are you going to talk about? Why don't we just do it right now?

Lauren: Okay. I mean, we need to talk about getting our savings back on track.

Ramit Sethi: Let's try that with a question.

Lauren: Okay. Alex, how do we go about allocating savings when I just don't see any leftover money after the house?

Ramit Sethi: Lord, I like your question. It was interesting. I noticed that when you asked the question, you said, hey, how do we create this savings allocation? And then, you squashed it in the second clause of the sentence, because there's just no money around, there's just nothing we could ever do. I mean, how is anyone expected to respond to that positively? You're backing Alex into a corner, right? How can Alex or anyone constructively respond to that? They're just going to feel like, oh, my God, she's setting me up to fail.

Alex: Yeah, that's how I felt.

Ramit Sethi: Exactly. So, can we try this again? Ground rule number one, let's assume positive intent. That means that Lauren, if you're speaking to Alex, you assume that he's a good guy, he wants to succeed with you, he wants to be responsible, he wants to figure out a solution. Alex, same thing, if Lauren is telling you something, she feels a certain way, or she has a question, she's constructive, she wants to solve it, even though she may be needing your help. So, that's my rule. Lauren, what's your rule? And then, Alex, what's your rule?

Lauren: My rule is to not place blame on each other, like don't blame each other for anything.

Alex: My rule is that we listen to what the other person is saying.

Ramit Sethi: Beautiful. Okay. Let's do it. Let's take another crack at this thing.

Lauren: Alex, are you open to meeting once a month and setting aside time to discuss our finances and reinstating our savings goal?

Alex: Yes, I am. I will go a step further, and ask you what you envision that savings amount to be.

Lauren: Okay. Just to start, we could put aside \$500 a month, an emergency fund.

Alex: 500 each to savings?

Lauren: Correct.

Alex: And that would make you feel financially secure?

Lauren: Well, at least that we're working on something and not just spending everything.

Ramit Sethi: Let me pause. This is fantastic. Just a quick note, Alex, ask her open-ended questions. You said that will make you feel financially secure, flip that, and say, I think we can make that happen. If we did, how would that make you feel? Go ahead.

Alex: Lauren, if we did the \$500 each savings, every month, how would that make you feel?

Lauren: That would make me feel that we're back to building up our savings and not spending everything.

Alex: Okay. Great. I'm for it. I would say that beginning, well, today's the 1st, so we could start this month.

Lauren: Okay.

Alex: Let's set a day right now to do that goal.

Lauren: So, like the 15th of the month?

Alex: Done. \$500 on the table on the 15th for the savings. How does that make you feel right now?

Lauren: Better, because now, we're not just spending everything on this house.

Alex: You got it.

Ramit Sethi: Okay. Great job. So, I want to know, Alex, how are you feeling right now?

Alex: If I was flying before, I'm flying even more high. I got to keep the house and she's happy.

Ramit Sethi: Good. Very good. Lauren, how are you feeling right now?

Lauren: Well, I'm feeling that I'm glad that Alex is open to exploring the finances and seeing the need to save.

Ramit Sethi: Yeah, he seemed totally on board. I mean, if anything, he was like, hey, let's get into it, what day? How much? Let's go. He was ready. So, I love that about both of you. You did assume positive intent. That was pretty easy. You just saved \$12,000 a year. You both tend to defer things until later. I mean, you spend 10 minutes talking about a conversation you were going to have. I'm like, I'm here, let's just do it right now. So, sometimes, it's just pick the number, and make a decision. If you're wrong, fix it later. Hey, we picked too much, we can't save that much. Okay. Cut it down by 10%, no big deal. Oh, we're not saving enough, alright, add 20%. Big deal. Pick it, and after two months, reevaluate it.

Alex: I feel it can only make us stronger as a couple. I think if we're able to save 500 each, maybe in six months or a year, we can increase it, and then we can keep going on that, maybe meet in our monthly meetings, we can say, okay, well, we're making X amount more this year, let's put more to the saving.

Lauren: Yeah, that would be amazing, but we could decide that as we go along.

Alex: Right.

Lauren: At least, we have a base case to start.

Alex: Right. I'm open to it.

Ramit Sethi: You guys are too good. You're making my job easy. You wanted to talk about this feeling, feeling secure, and we know that for you, Lauren, secure relates closely to this Carmel property. So, here's what I'm going to say to you about that. First off, if you want to buy the Carmel shack, you could. It's certainly possible. For you to do that, you would need to run an analysis, both just on the math, I think you would also need to grapple with being realistic.

Would you be happy in a Carmel shack? Maybe it's worth going around and looking at a couple, and going in there knowing, point blank, I'm not going to buy anything today or even in the next five years, but how do I feel walking into this shack that cost some amount? Legitimately, do I like this or am I trying to convince myself of a childhood memory? Okay. I want you to get a little bit more educated about it. The second thing I want you to do with this upcoming birthday is I want you to rent. Rent a place.

Okay. Get a nice place. Maybe if you want to be diligent about it, get a place that would be equivalent to what you might one day buy. Rent it for a few days. Take a couple of your blankets, throw them on the couch, make it feel like home as much as you can in an Airbnb, and just see, what does it feel like?

You're going to know, you might say, I hate this, and then Alex might say, babe, totally respect that this doesn't feel like home to you, let's give it one more shot, let's do it one more time.

We'll pick a different house next time. Maybe we'll even pay a little more. Let's just try it once more, and if after that, you just don't love it, you don't have to talk about renting ever again. But I want you to create those memories now. Don't wait 10-plus years for some magical myth you've created in your head about what you have to own. That message might just be the echo of what your mom believed 40 years ago.

You don't have to follow your mom's invisible scripts, or your dad's, or anybody's. You two are high earners. You get to create your scripts, and how you want to use money. So, if you want to create memories, go for it, rent the place just to try it out, create the memories, order a nice bottle of champagne, whatever you want. And if you love it, do it again.

And if your savings are going well, your earning power is going up, you're putting money aside into this investment account, et cetera, you'll be able to project, hey, this is exactly when we will be able to buy. But your happiness will not come from buying a beach house in Carmel. I can tell you that right now. I can tell you, I'm going to say it again, because it's so important, your happiness and your security will not come from buying a Carmel beach house. Where will it come from?

Lauren: The memories.

Ramit Sethi: Yeah. What else? Look at the two of you.

Alex: Working together.

Lauren: Working together.

Ramit Sethi: Yeah, creating a plan, creating a vision that the two of you love, a vision where one of you doesn't feel like, alright, he wants this house, because it's got a backyard, I'm going to go with it. No, no, no, no, no. That's not a vision. That's like, alright, I'll let him have this one. A vision is one that the two of you get excited about. And we just saw it when the two of you created your 500-dollar-a-month vision. That was fun.

It felt easy. You can get the same thing with Carmel or Santa Barbara, wherever it is you decide to get your place. Okay. The magic is in the planning. It's in creating the journey, and then executing on it. The destination itself is like whatever. That's not the point. And so, you don't have to wait 10 years. You shouldn't wait 10 years to feel secure. You can start feeling happy. You can start feeling secure in the next few weeks.

Podcast Episode 24: I've saved \$0 for my upcoming maternity leave

Synopsis: On paper, saving for maternity leave shouldn't be an issue for Hannia and Alex. She earns \$100,000 a year, but she likes to spend her money as soon as payday arrives. She plays many subconscious tricks (I call it the "Innocent Doe" technique) to justify a \$300 drop at Target and her Old Navy credit card debt.

Let's disregard the distractions. What's the real reason why Hannia cannot save money? And how is her humble childhood in Costa Rica playing out in her everyday money decisions?

Sometimes, advanced financial concepts have to take a backseat to get honest with the numbers—and ourselves. It's time to get real.

Podcast Transcript:

Ramit Sethi: I'm Ramit Sethi, and this is the I Will Teach You To Be Rich podcast. Today, I'll be talking to Hannia and Alex. Combined, they make \$125,000, but they can't seem to save any money. How do you handle your money if one partner overspends? Well, when I ask why, Hannia says she has no idea. She tells me that whenever she has money, she feels like she has to spend it. In reality, she's using something I call the innocent doe technique, which I'll explain in the episode.

Since Hannia says she's not good with money, Alex is the one who handles their finances. The reason they came to me is that Hannia has maternity leave coming up, and she needs to start saving money now, so they can cover their costs when the time comes. In the episode, heads up that I'm going to go deep with Hannia to understand her relationship with money, so you're not going to hear as much from Alex. And what I discovered about Hannia makes a lot more sense once you hear it.

Hannia: My maternity leave that is coming up in six months, I own my own business, and if I'm not working, I'm not getting paid. So, we are fine financially. Alex started his own business about a year and a half ago, and his income goes up and down. And he's like I said, he keeps our finances good and he's like a rock financially. He saves and I spend. So, now, the roles have switched and I need to save for us, especially for the maternity leave. That's like my biggest thing right now. I would love to not work for four months.

We have employees. We have a nanny and Alex has an assistant. And for me, not working for four months is a lot of money now coming in. And so, I don't have that money saved up. I'm trying to come up with the money. I'm trying to learn. I think the biggest thing is I make enough money that I should be able to save it. So, why am I not saving it? Where am I going wrong with this? Alex has always saved, and there were times when he made less than I did or less than I do now, and he still puts money aside. What am I missing? Is somebody stealing money from me?

Ramit Sethi: If you had to answer your question, what do you think the answer is?

Hannia: Honestly, I don't know.

Ramit Sethi: I'm not going to let you off with that. That's too easy of an answer. Try it again. If you had to answer your question, what do you think the answer would be?

Hannia: I'm spending too much.

Ramit Sethi: On what?

Hannia: Food. I don't know. I genuinely don't know.

Ramit Sethi: Onions using a technique I call the innocent doe technique. That's D-O-E. Innocent doe. This is an unconscious script that many people automatically use to try to get out of answering uncomfortable questions. The people who use this technique don't even consciously realize what they're doing, but they've found that, over time, it works to stop these awkward, uncomfortable questions. Almost always, the people who use this technique have others surrounding them that have allowed them to get away with it. Let me show you how it works. People who use this technique effectively say, me, the little old me, why can't I stop spending money? I just don't know. I do everything right. I just don't know. Do you know, because I don't know? It's the innocent doe routine with innocent eyes that's historically

worked for this person in the past. They look at their partner, their parents, or the people around them, and they slowly enmesh them in their problems.

So, suddenly, the other person becomes the helper. They start offering solutions like this, well, have you tried this? Well, that didn't work. How about that, and this, and that? And suddenly, the topic has shifted away from the innocent doe's problems to something separate. Fortunately, I have a heart of coal and zero interest in being wooed by the innocent doe routine. This is about as intoxicating as eating mild salsa for me, so I decided to end this old routine here and now.

Hannia: I just balance my books. I have my money on-

Ramit Sethi: Hold on, hold on. I can already tell you're going into your pre-rehearsed answer. Stick with it. Food, what have you spent money on in the last two weeks for food?

Hannia: I buy groceries and I don't know. This is why-

Ramit Sethi: Well, that's why I'm here, I'm helping you figure it out. Okay. Stick with me. Stick with me. Alright. Trust me. The answer is here. It's not a mystery. We're going to find it out. Do you order takeout or delivery?

Hannia: In the last two weeks, no. In the past, yes, not a lot though.

Ramit Sethi: And when you order takeout or delivery, how much is the average bill?

Hannia: Maybe \$45?

Ramit Sethi: Okay. Including everything, delivery fee, all that stuff?

Hannia: Yeah.

Ramit Sethi: Okay. Great. And groceries, how much are we talking about, ballpark?

Hannia: Maybe \$200 a week.

Ramit Sethi: Great. Okay. Fine. Anything else on food? Do you ever go out to restaurants?

Hannia: No, we don't need that, we don't eat out, but I eat my lunch. I buy my lunch every day and it goes between \$9 and \$15 every day.

Ramit Sethi: Okay. Great. And what else besides food?

Hannia: Toys for my baby boy.

Ramit Sethi: How much? Ballpark.

Hannia: A hundred bucks, maybe a 150 a month.

Ramit Sethi: Okay. What else?

Hannia: I pay credit card bills. I had a lot of department store cards, but I'm getting rid of those.

Ramit Sethi: Let me guess, what were the stores that you had for these department stores?

Hannia: Old Navy, Ulta.

Ramit Sethi: Ah, I knew you were going to say Old Navy first. Oh, my God, I could already see what happened here. Here you are, you have 150 bucks, you have a big purchase at Old Navy, and you hear the person in front of you going, ah, ma'am, would you like to open up an account? You get 10% off your first purchase. You go, oh, that sounds like a good deal. I think I'm going to do that. And you open it up, and fast forward a few years, and suddenly, you have \$9,000 of credit card debt. Does any of that sound accurate?

Hannia: No. Luckily, no. I've never gone over maybe two or \$300 with Old Navy.

Ramit Sethi: How much do you have in credit card debt?

Hannia: I think it's about \$13,000, including-

Ramit Sethi: So, the only part of that story that was wrong was the amount of Old Navy goods that you buy at once.

Hannia: Yes.

Ramit Sethi: Okay. Thanks for correcting me. Thank you. Alright. So, \$13,000.

Hannia: Yes, I have a main credit card that I use a lot.

Ramit Sethi: \$13,000 of credit card debt, what did you spend on those credit cards?

Hannia: What do I have on that credit card? Random stuff like stuff from Amazon. I have groceries. I have maybe gas.

Ramit Sethi: Oh, there are so many subtle things going on in that last 20 seconds of audio. Hannia likes to be in control. That's why she tried to correct me on the Old Navy. That's why she continues to play the innocent doe routine with this whole I don't know what I'm spending money on routine. Rewind. Notice her tone of voice when she said random stuff. That was just about 20 seconds ago. Listen to what she said and you'll hear it. Deep down, she's unconsciously trying to evade the real answers here, even though she's the one who called me.

This sounds illogical, but it's very common. Most of us have something in our lives that we claim we want to change, but deep down, we don't want to. The most common categories are our food, our money, and our relationships with our husband and children. That's why I'm becoming a little bit more aggressive with my questions now. I don't want to let her off the hook because it would be a disservice to her. Notice that I talked over her a few seconds ago. That was intentional. And now, you're going to hear me ask her even more pointed questions. I'm going to discard her digressions and keep her focused on the real issues.

Ramit Sethi: How did it get to \$13,000?

Hannia: Portugal. When we went on our vacation, I put a lot of stuff in there and I just haven't paid off.

Ramit Sethi: How much did you put on there?

Hannia: \$7,000.

Ramit Sethi: Why are we going through the amount of bananas you bought? That's irrelevant.

Hannia: But this doesn't happen all the time. This is like once a year that we go in here, and the truth is I could pay it off immediately, but I like having a little cash on my checking account, so I don't want to pay it

off. That's a lie. I could not pay it off right now, because I don't have \$13,000 in my account, but I have \$7,000 in my checking, so I could make a big payment, but I don't want to put it all there, and then not have—I'm a mess.

Ramit Sethi: No, you're not a mess, but you don't take this seriously and you let yourself get away with a lot.

Hannia: Okay.

Ramit Sethi: Did you notice what just happened in that entire conversation we just had?

Hannia: No.

Ramit Sethi: My question to you was, where do you spend money, and what was your first answer to me?

Hannia: Food.

Ramit Sethi: Yeah, that's not how you ring up \$13,000 of credit card debt. It was only after unpeeling and unpeeling that you finally said, oh, yeah, by the way, I put \$7,000 for Portugal.

Hannia: But Portugal doesn't happen all the time, and Portugal was awful, and we spent a lot of money at a pharmacy and a bunch of things, and that's not the usual spending.

Ramit Sethi: This is another deflection technique. The trip to Portugal was a one-off expenditure, so Hannia has mentally separated it from her other spending. But in her words, they go on a vacation like this maybe once a year. So, she's just using a mental trick to maintain the status quo. People in financial trouble do this a lot. They see each expenditure as some special situation, some one-off exception. But when I see their spending zoomed out at the 50,000-foot level, I can usually see that it's not an exception at all. Remember what I say about a rich life, part of a rich life is being honest, honest with yourself and honest with the people around you. If something keeps happening consistently, it's probably not an exception.

Hannia: Like before Portugal enters like a bag I've put some money on my credit card. Before that, my credit card was maybe three, 4,000.

Ramit Sethi: So, where did the rest of your spending before Portugal occur?

Hannia: Little things, and that, I do know. That's my biggest thing. I know that it's the little things. I don't have anything big. I'm not buying myself big bags or expensive shoes. I don't shop like that, but I do buy like, oh, it's only \$80, or maybe I go to Target and I spend two, \$300 at Target.

Ramit Sethi: Another example right there. First, Hannia said Portugal was a one-off, so that doesn't count. Her new story is, oh, it's a lot of small things. It's easy to tell ourselves that we don't overspend on something if we do it in small increments. Oh, I'd never buy a \$500 handbag. That's outrageous. I'll just buy 10 50-dollar handbags. They're all cheap. It doesn't matter. Again, this is just another mental trick we can use to justify our behavior. I hate this.

I don't like lying to myself. I would rather you simply said, hey, I love handbags. I'm going to set up a conscious spending plan using Chapter 4 of *I Will Teach You To Be Rich*, and then I'm going to buy a new handbag every Christmas. Just do it, but be honest with yourself, honest with the numbers. Speaking of the numbers, to know what we're dealing with here, we need to get into Hannia's income. So, let's break that down. I know your household income is 125, but how much do you make?

Hannia: Between 90 and 100.

Ramit Sethi: All right. And when that money comes in, how is it distributed? Is it put in a joint account? How does it work?

Hannia: No, it goes straight into my checking account.

Ramit Sethi: Okay. And from there, is any money sent to savings or investment accounts?

Hannia: No.

Ramit Sethi: Okay. You mentioned earlier that you have \$15,000 in your joint savings, how did you come to that amount?

Hannia: Alex, out of Alex's income, we have those savings put aside because I buy everything for the house and us as a family. So, when his money comes in, he pays the rent, and one utility, and then everything else pretty much goes to savings. And I buy everything, I buy whatever we need.

Ramit Sethi: How does that work? Because he is making about \$20,000 a year, \$25,000 a year right now, you're making about a hundred, so how does that work?

Hannia: His income only switched this year. Before this, our income was way higher. Alex was making 70,000 a year. So, since he started his own business, we've taken a pay cut, and his business is growing.

Ramit Sethi: What do you think about the state of your finances today?

Hannia: I don't think it's bad. I mean, the worst debt we have is my credit card, it's not that bad at all. I think we're doing good and I do have to say we're doing good because of my husband. He's done great. We're good. I mean, we just took a great vacation to Portugal, we're doing-

Ramit Sethi: Yeah. Do you think a good vacation means you're doing well with your finances?

Hannia: Maybe. Yeah, for me.

Ramit Sethi: Talk about that.

Hannia: Because if I didn't have money, I wouldn't go on vacation. For me.

Ramit Sethi: How would you know if you didn't have money?

Hannia: If there's no money in my account, I don't have money.

Ramit Sethi: Which account?

Hannia: In my checking.

Ramit Sethi: Yeah, that's what I thought. You just heard two huge clues. Did you catch them? First, she said, we're doing well because if we weren't, we wouldn't have gone on vacation. That's an interesting tautology. Second, when I asked how she'd know if they were low on money, she said, there wouldn't be any money in our checking account. That tells you a ton. If I stop this episode right now and said to you, what do you think's going on with Hannia, do you know what the answer is? As you think about your answer, make sure you're incorporating these two clues into your answer. Let me dig and show you exactly what I'm talking about. I'd like to know how you grew up with money. You mentioned that you were poor.

Hannia: Yes, we didn't have any money. There was just never enough money.

Ramit Sethi: Where were you growing up?

Hannia: Costa Rica.

Ramit Sethi: Okay.

Hannia: Yeah, I mean, I had a great, great childhood, but I grew up seeing my mom and my sisters work hard, and then when they got paid, everything was paid and the money was gone that same day.

Ramit Sethi: What did that teach you?

Hannia: It's funny because it taught me that you can go and make more, of course, but there was a time in my life where if it was in my wallet, it needed to be spent because I wasn't used to having it. So, when we first moved to this country, I went through this, where I started making money, and if I had \$500, I mean, I used to go to Walmart and spend every cent I had, because I could.

Ramit Sethi: What would you get at Walmart?

Hannia: Oh, a snake boots for \$5. Oh, I'll get it.

Ramit Sethi: What else? What else? Tell me. I love hearing this.

Hannia: Everything. I mean, I got the clothes, I got makeup, hats, belts, and things that I could never even dream of buying in Costa Rica.

Ramit Sethi: So, walking out of Walmart there with these bags, what did that feel like to you?

Hannia: Amazing. Oh, my God, I was like, I made it. I mean, I have arrived.

Ramit Sethi: I hear that money is exciting to you. It makes you feel good. I love that. Very positive. I like to flip it for just a second. So, you mentioned those positive messages that you received growing up. Now, if you had to take a little critical analysis, what might be some of the messages you learned growing up that are not serving you anymore?

Hannia: Well, I didn't learn to save.

Ramit Sethi: Because why?

Hannia: I mean, because there was no money to save, but we were never prepared for the future. I mean, our electricity got shut down all the time.

Ramit Sethi: When people got paid-

Hannia: The money was gone immediately, yeah.

Ramit Sethi: And do you think that that's a message that serves you anymore?

Hannia: No.

Ramit Sethi: You mentioned to me just a few minutes ago that the way that you would know you're out of money is if you didn't have money in your checking.

Hannia: Yeah. I guess so, yeah.

Ramit Sethi: Do you know who thinks like that?

Hannia: Poor people.

Ramit Sethi: Yes, that's right, people who never had any money. And so, what they see in front of them is what they have. Now, I want to point something out to you. I'm not stigmatizing. I'm not insulting anybody. I mean, that's the belief that served you at the time. The fact of the matter is you make over \$100,000, and when Alex was working his full-time job, he was making over \$100,000. The two of you have \$350,000 in investments. Now, of course, yes, you have some debt, maybe not as much savings as you should have, we can talk about that, but people who are earning the kind of money you do don't think that way. How do you think they think instead?

Hannia: I don't know. This is why I'm here.

Ramit Sethi: Okay. Let's experiment. Pretend it's me. How would I know if there was no money?

Hannia: Maybe if your savings were under a certain number.

Ramit Sethi: Yeah. Pick a number. What would the number be? Is it 200 bucks? What's the number?

Hannia: I mean, if it was you, probably 100,000.

Ramit Sethi: Okay. Fine. So, it's a fairly large amount of my savings dipped below a certain number, or you might even say for a more sophisticated person if I didn't invest as much as I normally invest every month.

Hannia: Yes, it is funny that you say that because that had never been part of my thought process investing. I mean, who invests? Only very wealthy people can invest.

Ramit Sethi: Guess what, you are wealthy.

Hannia: I know. It's crazy. I know I am. I know we are.

Ramit Sethi: And yet, finish the sentence for me. You are wealthy, and yet-

Hannia: I am having trouble with money, I don't know, and yet I don't save enough.

Ramit Sethi: That is true, and yet you are still behaving like you don't have any.

Hannia: Yeah.

Ramit Sethi: Spending arbitrarily on little things you can't even remember. They provide no memories, they're just knick-knacks, random, you can't even remember when I ask you. Spending as quickly as you can make it, because deep down, what do you believe about money?

Hannia: That I can just go and make more or that I'm—yeah.

Ramit Sethi: That you can go and make more, and also, maybe a little bit of it's not going to be here tomorrow, so I better just go spend it and have some fun today.

Hannia: Yes. Like when I want something that I think is going to bring me happiness, it's easy for me to justify it.

Ramit Sethi: Exactly. Let me ask you a question. When was the last time you saved for something big for over 12 months?

Hannia: Never.

Ramit Sethi: Never. Exactly. Turning the page from how you grew up with money, it takes a lot of changes, but it's going to require changing not only your psychology but also what you do with your money.

Hannia: Okay.

Ramit Sethi: Okay. Are you open to that?

Hannia: Yes, 100%. Yes.

Ramit Sethi: So, Hannia, you have this other deep invisible script, this belief that you can always earn more if you need to. Now, I think that's a double-edged sword. I love that belief because it's very abundant. Oh, if we want a better life, or a richer life, or we want to live in this type of place, yeah, let's just work hard and we can earn more. I love that energy. On the other hand, if you have four months of maternity leave, that's a perfect example, where, sometimes, you just can't work harder. It could be medical, it could be disability, it could just be recession or bad luck. So, do you see how that belief can be both positive and negative?

Hannia: Yeah. I mean, of course, I see it, and I know, and I want to do better. That's why we're here. That's why we did our budget. That's why I'm looking for ways to change and learn better habits about this, because I know I have the potential, like financial potential, I mean.

Ramit Sethi: What do you think the answer is for how you can change?

Hannia: I need to stop spending.

Ramit Sethi: Okay. How?

Hannia: I thought you were going to tell me how.

Ramit Sethi: Oh, I'm going to reach into my bag of tricks and give you the answer.

Hannia: Yeah.

Ramit Sethi: There are only two people who have the answer here, and it's not me.

Hannia: It's me and myself.

Ramit Sethi: It's you and Alex.

Hannia: Yeah. I mean, just cutting back, maybe following the budget better, respecting the budget,

Ramit Sethi: As you said that, did you believe?

Hannia: Yes, I have been. In the last September, I've been very aware of my spending.

Ramit Sethi: Awesome. But I just want to point out, as you said, respect the budget.

Hannia: Yeah, I know. It doesn't come from the heart.

Ramit Sethi: No. Why are we bullshitting ourselves on this call?

Hannia: And you know why? It's because I still have that part of me that it's like, dammit, don't deprive yourself if you want something, if you want the burger, go get the burger, because you don't know if you're going to be able to get it tomorrow. So, I think I'm trying to work my way to those things, by thinking, it's okay, money is going to be there, it's not going anywhere, you need to save it, and at the same time, not deprive myself of the things that I want.

Ramit Sethi: Can I reframe the way you think about money for you?

Hannia: Yes, please.

Ramit Sethi: You make \$125,000, do you want to shop at Old Navy for the rest of your life?

Hannia: No.

Ramit Sethi: Okay. Well, the way you're going right now, you will. If you could shop anywhere, where would it be?

Hannia: Nordstrom's all the time.

Ramit Sethi: Why Nordstrom?

Hannia: I like their stuff, it's a little bit nicer.

Ramit Sethi: Yeah. And when you're in there, the service is a little bit better.

Hannia: Yeah, the quality is a little bit better. It's just a better feeling to know that you can go to whatever store you want and not have to worry or put it on a credit card. And now, see, the thing is that's not the life I have. I can go wherever I want and buy whatever I want. The problem is I don't have savings, because I'm spending it as it's coming in. So, I go to Nordstrom and buy the dress, whatever I want, and I come home, and it's fine, but I know that I shouldn't be doing it because I don't have savings.

Ramit Sethi: But Hannia, how can it be fine? You have \$13,000 in credit card debt.

Hannia: Yeah, right now, it's not fine, and right now, I'm not doing it. I didn't have credit cards or any debt for a long time, because I didn't grow up with credit, so I never had credit. So, I've always been just what's in the checking. That's it. So, credit cards are a new thing in my life, but usually, it's just what's in my checking. That's it. If I have it there, I can spend it. If it's not there, I don't spend it.

Ramit Sethi: I think you have a couple of options here. Right now, you have a very simple view of money. And I understand why, the way you were raised, a lot of these things that we take for granted here were not a part of your reality. Credit, credit cards, retirement accounts, different sub-savings accounts. It makes no sense from the worldview of how you grew up. So, your view is if it's in my checking, I have money, and if it's not, then I don't.

Black and white. Okay. If you want to keep living that, you can. Okay. We can talk about strategies where that will work for you, and it will be very simple, and very straightforward, but it will cost you. It will cost you because you're probably not going to be using credit. You certainly wouldn't have gone to Portugal.

Your retirement account is going to be probably with Alex managing it. And I don't love that. I'll tell you that.

I'll tell you that option, I don't love it, because one day, Alex might get hit by a bus. Okay. And this isn't morbid, this is just real talk. One day, Alex will die, and I hope it's a long time from now, but he's older than you. Okay. And one day, he might not be here, and I hate the idea of you being defenseless in the world in having this simple, simplistic view of money.

Okay. The other option is that you start to change the way you look at money, the way you think about money, and the way you spend money. But it requires you to go deep. The thing you just mentioned, well, I do go to Nordstrom, because I can; you can't. Right now, you can't. You have \$13,000 in debt, you don't have enough for your maternity leave, and you have effectively very little savings. So, you can't, but would you be willing to say that? I can't shop at Nordstrom right now.

Hannia: Oh, yeah, I can't shop on Nordstrom right now.

Ramit Sethi: Okay. That's great. I'm pleasantly surprised. So, which of those two options is more appealing to you? You'll notice that I gave Hannia two options. These are pretty unusual for me, but in Hannia's case, she grew up in such a radically different environment than you and I did. I need to meet her where she is. It's not fair to expect her to have the same financial worldview as someone who was raised in, say, Chicago. The first option I gave her was to have Alex manage the money. I don't like this option, but it is an option for her to just take a backseat and let Alex manage everything.

The second option was for her to change her money psychology and money behavior. Now, if she chooses this option, it's going to be extremely difficult. It's really hard. She's changing everything from the inside out. But if she succeeds, it's going to be longer-lasting and life-changing. Please notice that I'm not trying to push Hannia into either of these choices. That decision has to be hers, not mine, because she's going to be the one who has to do the work. Which of those two options is more appealing to you?

Hannia: The second one, 100%. I want to learn how to do this better.

Ramit Sethi: It's harder, though.

Hannia: And I can do it.

Ramit Sethi: Okay. I believe you. I love hearing that. I'm glad you said that. Okay. How much do you need for your maternity leave, and how much do you have?

Hannia: 250, we started last week.

Ramit Sethi: So, let's just say zero. Let's just say zero. That's good. That's a nice little bonus, but let's just make the math easy. Okay. So, you have zero, you need, how much again?

Hannia: 12,000.

Ramit Sethi: You have your work cut out for you. How much do you need to put aside every month?

Hannia: Two grand, 2,500. Two to 2,500.

Ramit Sethi: 2500. Let's do that. Another key principle of people who make the kind of money you do leave yourself a buffer. So, right now, if we just calculate it out, you need \$2,400.

Hannia: Okay.

Ramit Sethi: Okay. If it were me, I would leave myself a buffer, and say, you know what, I'm going to put 3,000 a month aside. Why? Because I may not be able to work the full amount up until I have the baby, unexpected expenses might come up, and our car breaks down, who knows?

Hannia: Okay.

Ramit Sethi: Okay. How much do you pay towards your credit card debt?

Hannia: Around 700 a month.

Ramit Sethi: Is that the minimum?

Hannia: No, I use my credit card for everything, because I was obsessed with getting points, and blah, blah, blah, so that's like the minimum I will pay on a credit card a month, but sometimes, I just do like two, 3,000-dollar payments.

Ramit Sethi: So, how long until you pay your credit card off?

Hannia: I don't know. I don't know, because I pay it, and I use it, and I pay it, and I use it.

Ramit Sethi: Have you thought about not putting money on your credit card anymore?

Hannia: No. I'm being completely honest with you, but I will think about it, I can make the change if that will help me.

Ramit Sethi: Let's think about it right now. What if you stopped spending on your credit card, what would happen?

Hannia: Nothing, because you have to remember, the stupid credit card is what got me all in this position. Before, I didn't use a credit card, so I just spent what I had in the bank. So, if I stop using it, nothing is going to change. For me, I just don't get points.

Ramit Sethi: You're not in a position to worry about points right now.

Hannia: Exactly.

Ramit Sethi: Let's stop right here for just a second. First of all, is anyone else reminded of that line from Indiana Jones and the Temple of Doom, where that guy says, you are not in a position to make demands? God, I love Indiana Jones. I'm pausing here because a lot of you try to be 40 before you're 40. That means you try optimizing for stuff you have no business worrying about. Hannia wants credit card points when she's \$13,000 in debt.

Forget about points. Pay off the debt. There's only one worse example I've heard in my entire life, and that was a guy writing from my email newsletter. He read something I wrote about politics and proceeded to reply with this very long, rambling email response about how raising taxes on the rich is terrible, and it's going to destroy this entire country, and nobody should have to pay more, blah, blah, blah. I just wrote back one line. I said, how much money do you make? He goes \$14 an hour.

This guy living in Texas, making \$14 an hour is lecturing me about taxes being raised on the rich. I said, Buddy, they're trying to raise my taxes, not yours. And by the way, they should raise my taxes and all the taxes for other rich people. If you remember nothing else from anything I've ever written, please stop trying to be 40 before you're 40. Please stop trying to worry about raising taxes on the ultra-wealthy when you make \$14 an hour and getting credit card points when you have \$13,000 in debt. Okay. I have to stop because I'm about to lose it. Let's just get back to this episode.

Yeah. The more you spend on this credit card, the longer it's going to go on. The debt will grow faster than you can pay it off, at least in the short term. So, if I were you, I would create a plan, which we're going to talk about, and I would stop spending on this credit card, and I would pay it off almost like you're trying to remove the oxygen. You have your hands around the throat of this credit card and you're going to hold that neck until it stops breathing.

I know this is a very vivid example, but I want you to think about it. You're going to make this credit card stop breathing by paying off every last bit of it and depriving it of any oxygen. And every time you spend on it, you're giving it oxygen to breathe and live longer in your life. I don't want that. I'm going to propose that for things like Amazon, put those on your debit card. This is very unusual.

I hardly ever recommend anyone use their debit card. I don't like debit cards in general, but you have a credit card debt problem, and I want you to get that paid off. So, I'm going to suggest that, for things like Amazon, you use your debit card, which is going to come straight out of your checking. Okay. And you're going to know exactly how much is left. There's going to be no doubt about it. In fact, which day of the week are you going to log into your checking account and look at it?

Hannia: I check my bank account every day.

Ramit Sethi: Okay. Great. Fine. So, every day, you're monitoring what's going on. Now, let's talk about the other stuff, the lunches, the takeout, the kind of stuff that I suspect you're spending more on than you realize. For that, I want you to come up with a cash number that you are willing to spend every month. And this includes everything that's not Amazon, diapers-related. It's takeout. It's food at work, lunch. What else? Groceries. What else? Clothes. It's all of that. How much do you want to put aside each month for that? Again, ballpark it for me, you can find the exact number later.

Hannia: Two thousand.

Ramit Sethi: Two thousand. That's a lot.

Hannia: Well, you said food, too, like groceries.

Ramit Sethi: So, okay, how much is this food every week?

Hannia: It's like 150 to 200 a week. Okay. If you think that's a lot, then what do you think? It's maybe 1,500 if food is 800 a month.

Ramit Sethi: It's up to you. Not me. You know your numbers.

Hannia: With everything in the house, I think 1,500.

Ramit Sethi: Fine. Great. That's a good place. Just benchmark it there. Of course, afterward, you can go and look at how much you've spent. The point of this is, what's the point of putting \$1,500 in cash in a little drawer somewhere, and every month, that's all you have? What is the point of doing this?

Hannia: To teach me how to stay within. I mean, you just said that, and I think that would help me. I think I'm just the kind of person that if I was to just take up the first of the month, the 1,500, and put it in an envelope, and know that that's all I have, then that's all I have, and that's all I spend.

Ramit Sethi: That's right. Exactly. I'm not comfortable giving you this long list of tactics. That rarely works. Most of the time on this podcast, I help people uncover their solutions. But in this case, Hannia needs more help. I want you to notice that as we're going through these tactics, she's starting to try them on, almost like you try on a jacket, and see if it fits. That shows me that she's taking this seriously. Listen to this.

Hannia: That's so funny because that's triggering my childhood, and that's why maybe I am where I am right now, because that's how I grew up, and it gives me the heebie-jeebies to have—I love going to the store, and I buy what I want, and I never look at the prices. I come from a childhood where you put things back, oh, my God, you're looking at the number, 98, 105, and you're like, oh, my God, I only have 110, what are you going to put back? So, I could do it. Of course, I could do it, because we have something that we're saving for, but that's making my hands clamp, at the thought of being at the store and like

adding the numbers. Like Alex is going to have to go grocery shopping by himself and he will do great. He'll probably only spend \$80 and get everything we need.

Ramit Sethi: Oh, I know exactly how you feel, and I hate the idea of having to check the prices at the grocery store. I hate it. When I grew up, we also would look at things and put them back. We knew never to get brand names for certain things. We knew that, of course. And my mom was shopping for a big family on one income, so I understand it.

Hannia: Or even looking, just looking, it's like, oh.

Ramit Sethi: Yeah. So, I hear what you're saying. I also want to tell you that you probably have to do that at this stage.

Hannia: To achieve the goal I want to achieve, yeah.

Ramit Sethi: Yes. You won't have to do it forever, but right now, if you do it, it's going to teach you some very, very advanced concepts right at the grocery store. What's it going to teach you?

Hannia: To be more mindful maybe with the money, more aware.

Ramit Sethi: Yes. I'm making some unusual recommendations for Hannia. I'm suggesting that she use a debit card, that she implement the envelope system for food, et cetera. The vast majority of people earning \$125,000 should not have to compare the price of crackers at the grocery store, but Hannia does, for now. That's because her upbringing and worldview have only given her very, very limited exposure to financial concepts beyond spending everything you make as soon as you make it.

I hope as you're listening to this, you realize how many financial concepts you take for granted. Think about all the things you just intuitively know about, credit, and even the concept of investing, creating a financial goal, and putting money towards it for 12 months. That might seem obvious to you, but if you were raised in another country or even in America, poor, these concepts are not obvious. In my work with Hannia today, I'm adjusting my advice, so she can build more skills, and then she can get on to more advanced topics later.

It's going to teach you that when you go to a place like a grocery store, you have this much money, and it's going to realign your mind that I have a limit on how much I can spend here. Here's the key, you set the limit. I did not set the limit. Nobody is setting the limit. Your parents are not setting it. You are setting it. There's only one thing you have to do, obey the limits that you set. You've done some pretty incredible things. You've changed in terms of being minimalist. You're aware of the numbers, even though they may not be where you are. You have an abundant mentality about money. So, you're making a lot of these changes. It's very impressive.

Hannia: Well, thank you. I've learned a lot from Alex. And he knows that I came into the relationship with no debt, zero debt, but just not very good money habits, and he's taught me so much.

Ramit Sethi: Okay. You've mentioned a few times that you're not good with money and the spender. I would like you to reframe that. I want you to fast-forward six months from now, 12 months from now, right? Here we are, a year from now, how do you describe yourself today?

Hannia: Great with money. I am great at saving. I have a very healthy relationship with money and I'm free from my childhood financial demons.

Ramit Sethi: I like that. Very good. Do you believe that's possible?

Hannia: Yes, of course I do, especially from looking at the habits I had when I was 18 and where I am today, I know it's very possible.

Ramit Sethi: I know it is, too.

Podcast Episode 25: I want to pay for convenience, but my husband thinks it's lazy

Synopsis: Meet Gemma and Jack. Jack believes that people who delegate certain tasks, like cleaning and laundry, are lazy. It's one of his many strong opinions that's causing a wedge in their relationship. Recently, he refused to hire movers because it was a "waste of money." As frustrating as they are, listen to the layers behind his financial opinions.

They have a household income of \$200k, but it's not an even split. Throw in their individual cultural and gender codes, and it starts to make sense why they're butting heads about penny decisions over who should pay the gas or do the laundry. They're completely misaligned when it comes to the big vision. We need to get them to connect over money. Let's start there and build our way up.

Podcast Transcript:

Ramit Sethi: I'm Ramit Sethi, and this is the I Will Teach You To Be Rich podcast. How do you deal with money in a relationship if your partner refuses to spend it? It's easy to feel resentful because suddenly, your world has shrunk. You might have the money between the two of you, but your spending is going to be determined by the lowest common denominator in your relationship, your partner, who just might not want to spend money on certain things.

Well, today, I want to introduce you to Gemma and Jack. They're both 35. And Jack has really strong opinions about what they should not spend money on. Like when they recently moved, Jack refused to hire movers, saying it was a waste of money, so he ended up spending his limited vacation time moving all of their furniture three blocks away, consuming what could have been their time together.

Gemma and Jack have an income of over \$200,000 between them, and they're well on track to become multimillionaires, but Jack thinks people are lazy if they hire movers or if they live in a doorman building. And he's a doorman. Gemma earns more than Jack does, raising fascinating gender and cultural questions, which you'll hear in today's episode. They find themselves arguing over tiny issues, like who pays for gas, but they're ignoring the huge elephant in the room, and that is, they're completely financially misaligned when it comes to the big picture.

Let's play a little game. I'm going to list out something and you tell me if you would pay for it or not. Would you pay for a car?

Jack: Absolutely.

Ramit Sethi: Okay. Would you pay for a nice restaurant?

Jack: Yeah.

Ramit Sethi: Mm-hmm. Would you pay for somebody to do your laundry?

Jack: No.

Ramit Sethi: Uh-huh. Would you pay for somebody to clean your apartment?

Jack: No.

Ramit Sethi: Uh-huh. Would you pay for somebody to watch your daughter?

Jack: Yes.

Ramit Sethi: What's the difference?

Jack: Well, laundry, I think I could do that. Cleaning my apartment, I could do that. I think this is more for like, I think this goes back to my childhood. These are things that I was able to do, and I've normalized it, where I don't see the need why to pay for it, right? Because yeah, I don't—so I'm originally from West Africa. I'm from Ghana, I was born there and lived there for 18 years, and for the most part; I'm from a middle-class family, and we did have help, but we were still kind of like, it was a very conservative culture where you like got to clean your room, you got to clean the house, you got to walk the dog, all those things, you had to wash your clothes by hand, essentially. So, for me, those things are very natural, where I feel like, why pay someone to do that? Like it doesn't make sense to me. It baffles my mind when people want to pay other people to clean the house for them. I think it's lazy.

Ramit Sethi: Okay. Hold on a second, because I want you to answer your question just for a second. So, you said, "Why pay somebody for that?" Let's take cleaning the house. Give me an answer to that question. Why would somebody pay somebody else to clean their house?

Jack: Probably time and because they can afford to. Yeah.

Ramit Sethi: What else?

Jack: Oh, probably say because they're lazy.

Ramit Sethi: Okay. That could be the reason. What else?

Jack: Because I'm a doorman, that's what I'm saying.

Ramit Sethi: But doesn't somebody pay you to watch the door?

Jack: They do, and I think they're lazy. Yes, I am very opinionated.

Ramit Sethi: That's very interesting.

People who pay other people to do things are lazy. Did you catch that? Very, very interesting. First off, if you create an identity around doing things yourself, you will find it very difficult to change that identity as your wealth increases. This is why you hear stories about millionaires who drive around town to find

cheaper blueberries. American culture tends to glorify this as if they're staying true to their roots, they never got too big for their britches.

I think it's idiotic. Money should change you. And if you've earned enough to comfortably afford to pay for help and searching for blueberries is not your rich life, well, that's what money is for. Jack is placing a value judgment on people who spend money to avoid doing chores. This is where my disparagement to curiosity principle can come in handy. I call it the D2C principle.

Instead of disparaging people by saying they're lazy, ask them, why might people be happy to pay for a doorman. When I lived in New York, I lived in a doorman building. I loved it. Oftentimes, we can learn so much about how other people spend their money and what they value by just being curious. So, let's go deeper. Jack has even more layers to his financial philosophy.

Okay. So, you grew up in Ghana.

Jack: Yeah.

Ramit Sethi: You mentioned you had help. Was this like people around the house cleaning? What was it?

Jack: Yeah, it was people around the house primarily doing the cleaning and the cooking.

Ramit Sethi: Is that common for a middle-class family in Ghana?

Jack: It is. It is very. So, either like a family member or a friend of a family, whose kids, they bring from the village, and they live in the house, and then they provide the services. You call them a house help, essentially. Yeah. So, that's essentially what it is, yeah.

Ramit Sethi: Okay. Yeah, I know what that's like. My family in India has people in-house that might help with cleaning, or gardening, or something like that. Okay.

Jack: Yeah, something like that.

Ramit Sethi: So, it's interesting to me that you grew up with that, you grew up with the culture of hiring people around the house, and yet here, you're adamantly against paying somebody like a mover or a doorman. What is that?

Jack: I never liked the idea of somebody almost feeling like they have to do something for you. I always believe very like in an open channel like, hey, if you want to do it, you do it, but not to feel like if you don't do it, there's going to be repercussions. Like I hate that.

Ramit Sethi: You hate that, why?

Jack: Well, actually, I'm a rebel without a cause, and Gemma will tell you that, but also is this idea that I think it's just crime and punishment in a sense, and that's the way I was raised, where it's like, if you don't do it, we're not going to feed you, we're not going to take care of you, or you're not worth, or you're not good enough, right?

Ramit Sethi: If you don't do what?

Jack: If you don't clean the house, if you don't do the laundry, if you don't take care of the kids, then what is your use? And it feels so utilitarian.

Ramit Sethi: Yeah, I agree.

Jack: I hate that idea.

Ramit Sethi: And I agree.

Jack: I abhor that to my core.

Ramit Sethi: Okay.

The irony is if he moved to Ghana, he just admitted he would hire people to help around the house. Now, whenever I hear contradictions with someone's money philosophy, I know I've struck gold. That's the chance to help them unpeel it, to understand what's going on behind it. Usually, you'll find that we're following some decades-old invisible script that we're not even aware of. Half the time, your invisible scripts aren't serving you anymore. So, I want to dig into his thoughts on money. I started by asking what's changed for them that's causing them to bring these issues up now.

Gemma: The last couple of years, I mean, everything has changed. We had our daughter. We moved to a different location. I got a different job where I'm getting paid significantly more.

Ramit Sethi: What's the difference in salary before and now?

Gemma: Difference is about over \$50,000 a year.

Ramit Sethi: Okay. So, what were you doing at the past job?

Gemma: 89,000.

Ramit Sethi: Okay. And now, you're making about 145 or so, right?

Gemma: Correct.

Ramit Sethi: Okay. That's a big jump.

Gemma: That's why when I switched, I don't know what that's going to look like.

Ramit Sethi: Okay. Well, congratulations. That's a huge jump.

Gemma: Thank you. Yeah, I'm excited about it. We're still both kind of contributing similar amounts to the other fixed expenses of our household.

Ramit Sethi: How can that be if you make two or three times what Jack makes?

Gemma: Well, we live within our means, or below our means, I would say, and I think the extra stuff, some of the extra stuff, I try to contribute from my salary as much as possible. So, like the vacations and things like that that seem like extra stuff, we kind of had this joint expense system before our daughter was born and we've just kind of mostly kept that similar.

Ramit Sethi: This is how most people go through their life with money. They come up with a simple way of handling it, and then as circumstances change, they don't adjust their approach. A lot of you are still following the same principles of money you had at age 15, the way you think about vacations, clothes, paying for services, tipping, or whatever is important to you. Those should evolve as your financial situation does. You have to remember that it's not that people are consciously deciding to keep their accounts separate or to split their money unevenly. Most of the time, they just don't pay attention to it at all.

Yeah. Okay. Now, we have to get into this. So, to you, Jack, how does gender play a role in your finances?

Jack: Traditional, very conservative background, man goes out to earn the money, mom or woman stays home, and essentially, what takes care of the home, or nurtures the family environment, or creates a safe space. And we even had this discussion this week, even from where I'm from, even if the mom goes out to work, she's still primarily in charge of keeping the home environment kosher. So, I think that's the way, for me, money relates to gender in a sense.

Ramit Sethi: Mm-hmm. So, when Gemma asks to be able to hire somebody to deliver groceries or clean the place, how does that strike you?

Jack: We can't afford that. So, it makes it almost, like she's being very cavalier with the money.

Ramit Sethi: What if I told you, you could afford it?

Jack: Oh, no, I know we can.

Ramit Sethi: Oh, wait, what?

Jack: No, no, no. I know we can. I know we can. I'm always doing the math in my head. I know we can. But then, I think, again, it goes back to my insecurity about it, right? It's mostly her money, right? So, I think it's very, very cavalier with it. Like even though we have enough, and for me, always, it feels like it's not enough, but objectively, I know we have more than the average person does. But then, it just-

Ramit Sethi: Do you recognize that what you feel is different than the objective numbers that you have in your bank account?

Jack: Absolutely. There's a huge disconnect. It creates a lot of stress.

Ramit Sethi: Gemma, tell me about the role of gender for you with finances.

Gemma: Yes. So, similarly to Jack, I grew up also in a very conservative environment. So, I'm Dominican. I also grew up in the DR. That's what I saw, women are home taking care of the home. But also, I think I saw something different with my parents, where they came from nothing and they built what little they had in their life as a middle-class family together. So, to me, yes, there's like this gender role, my mom did her duty to fulfill it, but I also saw both parents working together in partnership, 100% aligned about money, and their goals, and their financial goals, building together.

I know that what we can do together is more than what either of us can do individually. But also, like I'm also a little bit of a rebel, where I'm just like, I don't want to do those household things, because I saw my mom do them and she wasn't happy about it. She did it because that was her duty, that's what she knew. And I'm just like, I'd rather pay someone to do it. I don't want to do it.

Jack likes to cook. He's a great cook. He is such a good cook. And sometimes, I'm just like, okay, I'll cook this chicken, because I know you like to see me cook, but it is nowhere better than the chicken that you would have cooked, and with less time, with less energy, with less thinking about it. I mean, I'm asking him like, how hot should the oven be? What should I do?

And the result is nowhere near as good as what he would have done. But I'm also like, I want to do it to make you happy, I do believe in feeding my family because of the joy of feeding my family, but when it becomes this duty, it just doesn't feel like it's worth it. Again, like we have such limited time. We have different work schedules. There are just better ways of spending it than fulfilling our gender roles, or at least for me, fulfilling that gender role that I saw growing up.

Ramit Sethi: I spoke to Jack about what he thinks the solution is, and from his point of view, it's simple, earn more money. He feels that if he earned more than double their current income, in other words, if they earn \$450,000 a year, their problems would be solved. He even tells me that he would finally feel peace if he earned that much. But then, he quickly adds that he would have to earn it himself, not working a 9:00 to 5:00. Candidly, I'm not so sure that I believe.

Do you think if you made \$450,000 a year, you would pay for somebody to clean your apartment?

Jack: Well, I love my ladies, I'll say yes.

Ramit Sethi: Okay.

Jack: Because I can't be working around the clock, and then expecting us to clean the apartment, so the quality time is big for her, so I will have to say yes.

Ramit Sethi: Okay. That's pretty interesting, isn't it? So, you two jointly make over \$200,000. And right now, Jack, you've said, there's no way I would hire someone to clean this apartment or move, but suddenly, if you were making 450, yeah, I would do that. What happened? What's the difference?

Jack: Hmm. Probably us making more, I think. I'm not certain.

Ramit Sethi: There's something else, too.

Jack: I know. I know. That part of my brain is saying, probably because I'm making the lion's share.

Ramit Sethi: That's right.

Jack: Yeah.

Ramit Sethi: Tell me about that.

Jack: I think it will be correlated to like a gender role, the man makes more, he's able to provide, take care, and probably will feel less insecure about money. Yeah, if I'm able to make eight times or seven times more than what I make, which would equate to three times what Gemma makes, I think in a sense—not in the sense, it would take that insecurity about money in my part. That's what I feel like.

Ramit Sethi: I think that's perceptive of you. I think if you were to make that much money, whether it be two or three times with Gemma made, what I just heard from you is you would be able to afford to be generous. Am I hearing that right?

Jack: Actually, yeah.

Ramit Sethi: Afford to be generous with the thing that's important to Gemma, afford to be generous paying somebody to do X, Y, Z that you need done, you don't want to spend your limited time on it. Afford to be generous.

Jack: Yeah.

Gemma: Kind of arguing and staying in our corners about our beliefs.

Ramit Sethi: Yeah. You both got in the ring, you both put on your helmets, and you started jabbing each other, you already knew what the other person was going to say, didn't you?

Jack: Yeah.

Ramit Sethi: He's going to say that I can do this myself, and she's going to say that you got the quality time, and jab, jab, jab, and then you went back into your corners, and you cross your arms, and say, got 'em, and nothing changed, did it?

Jack: Yeah.

Ramit Sethi: That strategy doesn't work. You're asking three-dollar questions, but really, we want to be asking, in your case, 300,000-dollar questions. Okay. You're making \$210,000 a year. Oh, my God, you have almost \$400,000 in savings and investments. That's pretty good. Thirty-five years old, how do you feel about that?

Jack: Gemma?

Gemma: Jack, yeah.

Jack: Well, that's Gemma's hard work. I'm associated with it by proxy.

Gemma: It's not my hard work.

Jack: What is it?

Gemma: So, I don't believe in hard work. I try as much as possible to do the least amount of work to get the results that I want. You believe in hard work. You're very hardworking.

Jack: Yeah.

Ramit Sethi: Okay. Hold on, hold on. Interesting philosophy. And we can talk about that at another time. But Gemma, did you hear what Jack said? What is he saying right there? He said that's Gemma's hard work. Now, you chose to focus on the hard work part of it, what's that other word in that sentence?

Gemma: It's mine.

Ramit Sethi: Yeah. And so, what is he saying when he just responded like that?

Gemma: Well, he doesn't see himself as part of it. He just thinks that it's just for me, it's just part of—again, yeah, he doesn't see himself as part of it.

Ramit Sethi: Mm-hmm. The two of you are disconnected. And I don't think you're tackling that. Instead, what are you spending most of your time discussing when it comes to money,

Gemma: Who spends what, like you said. Who needs to fill up the car with gas? How much money do we spend on groceries this month?

Ramit Sethi: Yeah.

Gemma: Yeah, pennies.

Ramit Sethi: Pennies, yeah. Rounding errors.

Jack: Yeah.

Gemma: Yeah.

Ramit Sethi: Okay. Good. So, so far, we're starting to get a grasp of the problem. We don't yet have a solution. That's okay. We have plenty of time. But we're starting to understand the problem. And I can see that this can compound over time. The two of you fight over 1,500-dollar moving today, and tomorrow,

you fight over \$60,000 for your daughter's college. And then, what happens the day after that? You fight over, what are you going to do in retirement. Not a happy place to be.

It's a place too many Americans are in. And then, one day, they look over at this person, they say, I hate this person. And it didn't have to be that way. You have very good incomes. You have the opportunity to do something different. That's what I want to know about. I want to know about your vision for your rich life, together and independently. So, who wants to go first? Who wants to paint the picture for me? What is your rich life?

Jack: Oh, well, I've thought about this for quite some time.

Ramit Sethi: Jack wasn't kidding when he said he's been thinking about this. He spent the next 10 minutes relaying his vision to me. Here are some of the highlights.

Jack: Buy a house by the lake, somewhere in the woods. I don't know how to swim, but there's something about the water that keeps me close. I want a boat. I want to be working at something for myself, by myself, for something that I enjoy doing. I wouldn't see this work. I also want to be able to provide great opportunities for our daughter, and I mean, good schools and being able to spend more quality time with her.

Ramit Sethi: Now, Gemma, what's your rich life?

Gemma: I love the idea of a lake house, I want to be near nature, but I also want to be near community and family. I want to have more children. And I want that like village support as we raise them, that we're not doing it alone, that we have help, I want things to feel easy and just carry ourselves through life with ease and joy. Well, when I heard Jack talk about his rich life, I thought he was holding back a little bit. I don't know.

Jack: Well, I have to.

Gemma: No. I don't want you to hold back.

Ramit Sethi: What's an example of what you're holding back on?

Jack: So, I want to make a billion dollars, right? And yeah, she's like, that's the reaction I always get. So, that's a reaction I always get when I'm like, by 50, I want to be a billionaire, and there's always a reaction, and, well, for better or for worse, my track record as starting businesses has not been great, so always seems like a pipe dream. And I'm a dreamer, I like to shoot for the moon like I like to just be far out there. And when I get those responses from her, I feel like it grounds me, and I could be wrong, and that could be holding me back.

Ramit Sethi: Have you ever asked her why she reacts like that?

Jack: No.

Ramit Sethi: Ask her.

Jack: Why do you react like that, honey?

Gemma: Two things come to my mind, and I am very grounded, so I'm immediately like, so what's the project plan for that? That's one aspect of where I'm like, let's work on the plan then. And then, the other part of me is just like, do we need that? It almost feels like we can be happy until we have that like there are feelings of happiness out there in this dream, and it's just like, but what if—my fear is like you're never going to let yourself be happy if you don't reach that dream, and I think life can pass us by if we do that, and it scares me.

Ramit Sethi: Kind of interesting what you learn when you ask your partner about their beliefs, isn't it?

Jack: Yeah.

Ramit Sethi: I have to tell you, it's a little hard for me to relate to someone who wants a billion dollars. I find it a little delusional. I think it's a method of self-handicapping, which goes like this, I want a billion dollars to be successful, so until I have that, I'm going to keep hustling. Someone who sets goals like this with no basis in reality isn't really serious. And frankly, if you're making \$200,000 a year like Gemma and Jack are, you could radically change your lifestyle by doubling your salary.

You don't need \$50 million, much less \$1 billion. I have to tell you, I hate to see people creating these made-up goals, and then telling themselves in their partners they're not going to be happy until they finally get it. That's a recipe for being unhappy for the rest of your lives. Unfortunately, I've learned that you can't simply tell people their ideas are delusional, so instead, watch how I change their perspective. So, I recommend a different strategy. I'm going to recommend that we get super specific every week and talk about what your joint rich life looks like on a given week. So, imagine you have a calendar in front of you, Sunday through Saturday. Okay. Let's paint a picture. What does our rich life look like this week? And let's be realistic. You both have your jobs. You have your daughter. Okay. This is like two weeks from now. How about Sunday morning? Let's start there.

Jack: Sunday morning, I wake up earliest in the house at 6:00. Gemma doesn't wake up until 8:30 or 9:00, and then the baby wakes up like at 8:00, so we have about three hours.

Ramit Sethi: What do you guys want to do with it?

Jack: Is it cliche to say quality time?

Ramit Sethi: No, it's not cliche, but what does that mean for you?

Jack: Family breakfast.

Ramit Sethi: Mm-hmm. Is this at home or is this at a restaurant?

Jack: Somebody making it for us, so I'll say a restaurant.

Ramit Sethi: Okay. Alright. So, the rich life I've heard so far is you wake up, you go to a restaurant for family breakfast, have a nice time, and then, Jack, you're off to work.

Jack: Yeah.

Ramit Sethi: Okay. Gemma, do you want to add anything to that?

Gemma: Sounds great to me.

Ramit Sethi: Alright. Beautiful. And walk me through the rest of the week. Give me a couple of the highlights of your rich life on this given week.

Gemma: Thursday night, I think we need to do something. Thursday evening, maybe we do something together since he's off Friday, so that could be a good day to maybe go out to dinner or just do something together at home, but just be more intentional about doing something fun together.

Ramit Sethi: Let's be intentional right now. Let's not kick it to the future. Again, this is a given week. What do you want to do?

Jack: Well, Gemma suggested game nights, right, from Thursday nights?

Gemma: Yeah, we can invite some friends or family over and do like a game night. Mm-hmm. That is good, too.

Ramit Sethi: Beautiful. Alright. What else for the rest of the week? You still have until Saturday night.

Jack: Well, date night on Saturday nights. We've been doing that for quite a while. I like that. Fridays. Oh, Fridays, Fridays, Fridays. I think for now, objectively, we might be limited to Sunday mornings, Thursday nights, and maybe Saturday nights.

Ramit Sethi: That sounds like a lot to me.

Jack: We'll practice.

Ramit Sethi: Yeah, that sounds great. Two to three nights a week, some activity, whether it be going to brunch or having some friends over. That sounds awesome, realistic, sounds gratifying. Hey, you know what's funny? In all that time, I never heard any of you saying my rich life is doing my laundry on Wednesday nights, huh? How come nobody talked about buying 18 ounces of Windex and cleaning those windows behind you? Nobody's mentioning that. And you didn't mention all this other stuff about sorting the whites, and this, and that. How come?

Jack: Well, I don't think we sort out whites, we used to do it all together, but yeah, I get the point.

Ramit Sethi: Yeah. So, to live this crisp vision that you two have created, Sundays, Thursdays, and Saturdays, I love that, you might have to make some changes to how other things get done. Now, if the two of you were making \$25,000 a year total, this would be a different conversation. I might ask you, how are you going to afford to go out two or three times a week? You two are making 10 times that, so you can easily go out to lunch, you can easily go out for date night, but you can't easily do your laundry, grocery shopping, cooking, and cleaning. What is this making anybody think? Am I the only one here?

Jack: I lost my train of thought.

Ramit Sethi: Let me say it again, Jack. That's okay. We're going to take this step by step. This is a very important moment. So, you have the money to go out for date nights and brunch, that rich life. You may not have the time to do all the other things that you need to do to keep your household running, which includes cooking, cleaning, grocery delivery, shopping, et cetera, et cetera. What do you think the conclusion is of that?

Jack: We might need to outsource some of that.

Ramit Sethi: Boom. There it is. We've gone full circle here. Do you see it? Jack started by saying, "I would never pay for this, I would never do that, that's a waste of money", and suddenly, he now realizes, "We might need to outsource". So, do you see how we got here? It involves asking people, tell me about yourself, let's do an audit, how did you grow up? Then, it involves patiently creating that rich life vision, and then it involves unpeeling some of these invisible scripts that you have, these ideas that we should not outsource anything because it's a waste of money. Well, that's not compatible with your vision of a rich life. So, what do you want to do? Do you want to change your old stories or do you want to change your rich life? That's how we do it.

What would be an easy one to outsource? What would be the easiest?

Jack: Laundry.

Ramit Sethi: Yeah, you guys live in New York, laundry is easy and cheap.

Gemma: Don't cheat, Jack, we already kind of outsourced laundry.

Jack: We do. That's why it was the easiest.

Ramit Sethi: Hey, come on. You're only cheating yourselves. Okay?

Jack: Well, this is a wild idea, but cooking.

Ramit Sethi: Keep going.

Jack: Yeah, that, for me, I think, yeah, cooking would be, somebody to meal prep. Well, I love to eat.

Ramit Sethi: Alright. So, this is a great conversation for the two of you to have on your next date night. Okay? Or, you can do it whenever. You kind of say, hey, Jack says, I think it'd be kind of nice to do this. And then, Gemma, who's a little bit more grounded in the numbers, her response might be, Gemma?

Gemma: I think that that sounds good. We can afford it.

Ramit Sethi: Okay. How do you know you can afford it?

Gemma: How do I know I can afford it? Because we've done the math.

Ramit Sethi: Have you already?

Jack: We have it.

Gemma: Fairly. We'll look into the... realistically, I'll probably look into a few services, see what they offer, what they-

Ramit Sethi: No, no, no, no, no.

Gemma: Okay. That's the wrong way.

Ramit Sethi: This is a great opportunity. This is a great opportunity for the two of you to row in the same direction together. Okay. Remember, Gemma, Jack, what did he say earlier? He said, 'That's Gemma's money,' remember? What was he saying when he said that?

Gemma: Well, essentially that I was the only one who was making it or-

Ramit Sethi: Yeah, and that he didn't feel connected. Okay. So, this is an opportunity for the two of you to get connected about this decision. So, in the past, what would have happened was, Gemma, you would have gone back to your corner, and I bet you did this with the movers, too, you would have looked up how much it cost to move, and then you would have come to him with a big sledgehammer, and said, 1,500 bucks, let's do it. And then, he goes back to his corner, crosses his arms, saying, I'm not going to spend that kind of money, I'll take it myself, it's only three blocks. Does any of these sound familiar?

Gemma: Yeah.

Jack: Very, very familiar.

Ramit Sethi: First of all, Jack now has a vision for your rich life week, which I kind of love. Hey, meal prep, that would be cool. Now, the two of you are both on the same page. Okay. Maybe you even write it down. And then, the two of you can go off in different directions here. Gemma, you could say, hey, why don't we both take a look, and see if we can find some meal prep services, and then we'll come back and compare what we found.

And of course, now, you want to talk about money. So, the way you can do that is to say, okay, here's how much we make, every month, I think we can afford this, or I think we can afford three days of meal prep, but, Jack, I want you to go through this, too, and let's talk about it. How do you think that conversation would change things from the type of conversations you both used to have?

Jack: Well, it's more inclusive, so I think that's the starting point. But not only inclusive, I think it creates a sense of cooperation. It's teamwork. Essentially, it's teamwork. We're both using our strengths, the person who's going researching is more grounded than money and the ideas guy, and bouncing each other's strength off each other.

Ramit Sethi: Gemma, what about you?

Gemma: Yeah, I think that that might work a lot more than the conversations we're used to having. And I like that it's grounded, it starts with the vision, right? It doesn't start with the numbers, it doesn't start with the practical, which I think is where I might have started initially. But it starts with like our greater purpose together, a vision that we set up. So, money becomes not the center of the conversation, but a tool to help us get the vision.

Ramit Sethi: That's right. Money is the fuel that allows you to reach your rich life. And the rich life you started is so compact and concise. It's just Sunday through Saturday. You're not asking for a G5. You're not asking to go to Tahiti every Saturday. It's quite simple. And I like that. It's training wheels. So, the two of you get to practice things like, oh, meal prep, or you know what, Gemma, I know you want to hire somebody to come in and clean, but this is one of those things that I just enjoy doing, so I'm going to do it on my own, right?

You get to have those conversations and navigate them. I want to emphasize that you don't always have to agree. You don't. That's important to know. My wife and I don't always agree on how we spend our money. We do come up with some general values that are important to us. Once you feel great, let's say you've done four weeks of this, you've gone to the outdoor dining and you have the game night, and you're both like, okay, we get it, we got the food prep, let's think a little bigger now. Now, you go from a week, what's the next level that you could work towards in your rich life? Take it even smaller.

Jack: A month.

Ramit Sethi: A month, yeah, because I bet you do something different every month than you do weekly, right? What's an example of something that you might do once a month?

Gemma: Visiting family.

Ramit Sethi: Bingo. Something like that. So, you go, okay, once a month, we're going to visit our family, that's going to happen on a Saturday or a Sunday, so let's put that on the calendar. Okay. Now, what do we need to do to do that? Well, are we taking the train? Are we driving? Are we taking an Uber? You start to think about that. Soon enough, you guys have a dialed-in one-year vision, five-year, or even 10-year vision. And when you do that, now, you can start having these beautiful conversations about things like, what percentage are we contributing to our investments?

Hey, like how much do we want to save? You know what, I think we should spend on a vacation, that's in our plan, we should put some money aside for that. And money becomes the trailing part of the conversation. Okay. You two have earned the privilege to do it that way. Most people have to think about cost first. But you two are high earners as a household, so you get to start with the vision. And that is just a real privilege for a lot of people, so I think that you too should recognize how amazing of a situation both of you are in.

I'm proud of Gemma and Jack for having this conversation. They came in, and they were talking about fighting over who spends money on gas, but as always on this podcast, it is rarely about that. It's so much bigger than that. Gemma and Jack learned that they have different ways of looking at money. They were honest about the gender and cultural rules that they both bring to the table. They also started to finally create their vision of a rich life.

And you'll notice that in this podcast, there are certain things that they told me, but I just ignore them. Okay, you want to have a billion dollars? That's great. Why don't you start by making \$50,000 more? That's a good start. I'm not even going to engage with the billion-dollar point. Instead, I want to go much more specific. And what I did was, I said, "Tell me about your rich life vision for a single week".

That is a manageable amount of time that people can understand and comprehend. So, sometimes, we think about the big, rich life concepts, what we want to accomplish in the next 10 years, and what about retirement. All that's great, but sometimes, we need to just narrow it down to one week. What do I want to do on my rich life Sunday? What does our weekend look like? What about midweek? What does that look like? What does that feel like to us?

And when I did that here with Gemma and Jack, you could see that it all finally clicked for them. This is my wish for you that as you create your rich life vision and you listen to all these episodes of the I Will Teach You To Be Rich podcast, you start to think, what does my rich life week look like? What does my rich life month look like? And eventually, what does the rest of my rich life look like?

Podcast Episode 26: How do we create our Rich Life when we don't trust and respect each other?

Synopsis: My conversation with Mira and Dan was supposed to be about tax returns. He hasn't filed his yet, and it's making Mira feel insecure, anxious, and unsafe. Dan wants her to relax and trust him for once!

I knew something else was amiss here, but I was shocked to see how fast the conversation took a turn.

Podcast Transcript:

Ramit Sethi: How do you create a life together if your partner doesn't trust you? And what do you do if one partner is anxious about money and the other retreats whenever the topic is brought up? Dan and Mira have been together for five years. She's 36. He's 43. And for the last three years, they've been living together, but they still keep their finances separate. Now, I sat down with Dan and Mira to initially discuss something that seems pretty mundane.

Dan had applied for an extension to his taxes this year and Mira is uncomfortable that he still hasn't done it. But here's the pattern in today's conversation. It goes a lot deeper than a tax return. She feels anxious

about money. He feels judged. She says she wants clarity. He says we've already talked about this. You're going to hear that Mira's history of questioning Dan started way, way back on their first date. You see when they met, she couldn't understand how he was able to make a living from deejaying instead of, as she put it, having a real job.

Mira and Dan are from different cultural backgrounds, and as you listen today, I think you're going to be able to spot some of those cultural differences. This conversation was a tough one because there was so much resentment, judgment, and damage. We quickly veered away from money, but I tried to bring it back, and I think the breakthroughs that happened today are worth it. So, if you or your partner sees money differently than the other, I think you're going to be able to pick up some true lessons today. I'm Ramit Sethi, and this is I Will Teach You To Be Rich.

Mira: He hasn't filed his taxes for 2020 yet, and Dan is extremely relaxed about this, because there's an extension deadline that he tells me he's still within, but this sets off all sorts of alarm bells with me. I feel like he's late on filing his taxes and it's unacceptable to me. It worries me. It makes me worry that even though I think Dan is very responsible, I worry that I'm with a partner who's not responsible in ways that matter to me.

Ramit Sethi: So, by him filing an extension on his taxes, it's making you worry that he's not responsible about his finances.

Mira: Mm-hmm.

Ramit Sethi: Okay. Dan, what's your take on that extension?

Dan: Well, I do feel like it's a bad habit to lean on the extension, but it's something that I've done historically. The IRS most likely owes me money, which means that taking the extension, is only like making me get my refund less soon, so there's no danger involved. The extension is a fully legal thing and part of the IRS system, so I'm not stressed out about it. Mira's father is an accountant who would probably never file anything late, and in addition to culture, she just finds it crazy that I am doing this.

Mira: Dan is a deejay. So, for me, like even though it feels like he's—even though that's his work when he prioritizes going out late at night, that makes me think that he's just spending time on socializing when he could be spending that time on filing his taxes.

Dan: I usually respond by saying, I'm still working on it, but I'm still within the filing period of my extension, and I'll get it done before the deadline, and don't worry.

Mira: That's not what you say.

Dan: Okay. What do I say?

Mira: It's none of your business.

Dan: What?

Mira: To that effect. I'm not telling you, I don't want to tell you, it stresses me out when you ask me. I feel like walled out, basically, from ever asking you anything relating to planning and future sort of vision.

Dan: Okay. It's true that when Mira asks me about planning in general, that can definitely bring up some resistance or anxiety, or sometimes, I just feel like she's very critical of me, so I feel like it's an extension of the criticism and she's just sort of meddling or looking for some ammunition for her criticism, which then I'm reacting to that, which maybe is not fair.

Ramit Sethi: This point about nagging is an interesting one. If you've ever been in a relationship where one of you is seen as the nag or the pursuer, the person who's always trying to get the other to do the dishes or file their taxes, you know how frustrating it can be. Not just for you, but for your partner as well. And I want to share an example of something to show you how this plays out, because usually when there's a pursuer and a pursued, how do you handle it?

Think about it. If somebody is nagging the other person to do the dishes, what do you do? You try to be nice to your partner, but they don't do it. You try not to bring it up, they still don't do it. You create a chore chart, but they still don't do it. And then, you get more and more frustrated, and you start asking them, and pursuing them, and nagging them, and what's their response? I told you, if you stop nagging me, maybe I would do it.

Alright. You've set yourself up in a bad dynamic. I recently went on a podcast where the host is a huge believer in crypto and an evangelist. Now, I can tell you right now, that this set up a very bad dynamic because the person didn't just say, oh, wow, Ramit, you probably know about personal finance, I can understand that you've chosen low-cost, long-term index funds for your portfolio. No. What did they say? Try to guess. They said, oh, my God, you Luddite. How do you not realize that this is the financial future? Well, soon, your eyes are going to be open and you're going to get in at the price you deserve. Blah, blah, blah. Now, I could simply look at this person and say, wow, that was pretty aggressive, but really, the problem is the dynamic, the dynamic where one person truly, deeply believes in something and the other person just doesn't.

When you have something like that, you have an evangelist and someone who just doesn't believe it, the same thing, you are going to have tension. If it wasn't this person, it would have been another person. So, with Dan and Mira, when you have the pursuer, the person who's nagging the other, most couples will spend their entire lives just playing out the pursuer, pursuee relationship. They'll pursue harder, then the other person will retreat, and they'll continue doing it into this downward spiral of doom. What I want to do in this conversation is try to zoom up, zoom out, let them see the dynamic that's happening, and see if we can unpack the deeper issues here.

Dan: This has come up almost from like the very beginning of our relationship. Mira was asking me kind of like, tell me all about your finances. In the beginning, it always felt like there was an ultimatum. It was kind of like, you better have a good plan or I'm out of here. She was waiting to feel that there was security, that there was financial security, and I was kind of the opposite.

From the very beginning, there was a lot of judgment and criticism that Mira was lobbing at me, kind of like telling me, saying things like, you don't work, you don't do anything, things like that, which in the meantime, throughout our whole relationship, I've been making more money than her, I've been paying for things, I've been taking care of her in various ways. So, that, to me, is very painful and very hard to hear, and also touches on my insecurities in a way that's uncomfortable or it's just like a sore spot.

Mira: It makes me sad because my goal here is to have us communicate. And I recognize what he's saying, which is I was very anxious in the beginning, because culturally, I don't know, like for me, a deejay, being a deejay, I have no conception of what a job looks like that. Like I just came with all these assumptions, I was like, this is not a real job. What do you mean? How do you make your money? He would keep telling me how he made his money, and I was like, but how do you make your money? I mean, that first day that we got together, the morning after, I was like, so what, do you have like a trust fund? I mean, that's rude. I should not have asked that then. But if I cut away all of that, I was coming from a place of anxiety, and trying to understand kind of who you were. I didn't understand. I walked into this beautiful home that you lived in, but I had no model for how to process it. I was angry.

Ramit Sethi: Tell him.

Mira: I was so angry. I was like, this is a White guy who was like 50 or almost 50. He said he wanted a family, and he didn't fucking make a plan to make that family happen. Like I'm here with him, and he still doesn't seem to have a plan to make that family happen. And now, he wants a family with me? Sorry. I want to say I'm sorry. I feel bad. I was a jerk.

Ramit Sethi: I remember the first time—I think it was the first time I cooked for her. And cooking is very important to me. I have a lot of confidence in my cooking ability. And I think the first time I cooked for her, like right away, there were like critiques, and I was like, yo, this is not cool, like why? And she was like, oh, well, in my family, my father, it's just like kind of a constructive thing like it's just a way of showing that you're comfortable, and we just always like, my father would always critique my mother's cooking, and I was kind of like, well, that doesn't sound great.

Mira: No, my mother would critique my father. If he would cook, he'd be like, rate it. He'd be on the table, he'd be like, give me a one to 10.

Dan: And then, I was like, well, that might be fine for your parents, but like we had just started dating.

Mira: But that's fun for me.

Ramit Sethi: Notice the difference here, Dan. The way that you responded to Mira critiquing your cooking, which you are so confident about. I mean, I just love the change, your swag, yo, that's not what we do in this house. Okay. That might be fine for you, but we don't do that here. Just confident. You knew your food was good. Now, contrast that with how you responded to the career vision stuff. How did you respond to that?

Dan: Yeah. I mean, it's different.

Ramit Sethi: How did you respond to it?

Dan: I think there were a lot of times when she was asking me kind of like, I want to know what your plan is, but inside, I also felt kind of like, who the hell do you think you are? Like you just met me, you don't know shit about me, and you're coming in here like with your set of expectations, and your demands, and critiques, and whatever.

Ramit Sethi: Yeah. But why didn't you say the same thing to her as you said about the cooking? There's a reason.

Dan: Yeah, because definitely, it also spoke to my insecurities, more so than the cooking.

Ramit Sethi: This is one huge reason why money is so difficult to talk about because most of us don't know much about it. We're insecure about our financial knowledge deep down. Deep down, we're insecure about our financial knowledge, so we feel these things, we feel anxious or guilty. We feel like we need to ask the other person, why did you spend money on that thing? But we don't have the competence around basic financial terms.

We don't know what our ratio should be for how much we should be spending on our mortgage. We don't know if we can afford to buy X or what percentage we should be putting in Y. If you don't have that basic competence, then the way you relate to money with your partner, it's going to suck. All you're going to do is do these whack-a-mole arguments where you say, why did you do that? How could you do that? We should do this. I can't believe that you did that.

But there's no vision. There's no, hey, this is our North Star, these are the numbers we should be talking about. And you can hear that in this conversation. These questions about filing your tax return, are not about the tax return, but you can hear Dan also not answering Mira's questions because he's insecure about his financial knowledge. He's not insecure about his cooking, you heard his answer to that. I love the way he responded, super confident. But when it comes to money, his answers are completely different.

Mira: My family dynamic does not work in this situation, and this is where the cultural thing differs. Like I think if Dan was South Asian, this would be different. Like Dan has trained me to not sit down, take a bite, and say something critical in the first go. Like I will, no, I mean, it's still in the process of being, I need to say something positive, or don't need to say something positive, or just like tuning in to the thing that I feel that is positive about the thing that I'm experiencing, and express that, and ask for permission before I can express anything critical, or like the thing, yeah, I need to ask for permission.

Ramit Sethi: Mm-hmm. Maybe sometimes, you don't even need to be critical.

Mira: Yeah, so hard.

Dan: Radical idea.

Ramit Sethi: You mentioned twice that it's your culture and your family. Okay. And I respect that. You were raised in a different culture, I know what that was like, although I wasn't raised in India, and I know what it's like to be raised by an Indian family. And all of those are true. We cannot separate those from you. They are a part of you. But you also have to take responsibility for yourself.

Okay. This is more of a Western approach, but it is real in this culture, which is to say, it just won't fly, it won't work if you're trying to achieve your goal of being safe if you are using behaviors, and then when you recognize, oh, this might not be good, the first thing you say is it's my family, it's my culture. What would be a better approach?

Mira: To be in the moment and to play back what the person says to me.

Ramit Sethi: Yeah. Mira is taking something very real, her family upbringing, and she's extending it so that it not only explains her views, but it justifies them. Okay. There's a big difference. Explaining her views can help Dan understand, why she sees money this way. Why does she have certain expectations? That can explain it. Justifying it says, my beliefs are right. Why? Because it's my family that taught me that.

Oh, and if I go too far, it's not my fault, it's my family, it's my upbringing that taught me that. That's justifying. So, explaining is good, explaining is great. We all have different views on money because of how we were raised. Let's seek to understand that. But when you extend that to justifying it, then suddenly, you've created this closed system where anything you do is right. Why?

Because that's what I learned in my family upbringing, and that is causing a lot of tension here. What's fascinating is that they both want the same thing in this relationship, safety and security. Mira wants financial safety. She wants to know that she's safe, that there's a plan. Dan wants to know that he's emotionally safe, that she wants him, and that she accepts him. So, they have a lot of commonality in what they want in this relationship. Let's see if they can realize it. What do you want to feel?

Mira: Success. I don't know.

Ramit Sethi: Dan, what is she looking for?

Dan: She wants to feel safe.

Ramit Sethi: Yeah, she wants safety, she wants security. A plan is a plan, and a plan is a piece of paper, it doesn't mean anything, but what it represents or what somebody putting their taxes in on time represents is what, Mira?

Mira: Safety. Yeah, absolutely. Ramit, I woke up in the morning with like a sick feeling in my tummy, it was anxiety, thinking that I had not filled out this piece of paper, something had come from me, and I was going to be thrown out of the country.

Ramit Sethi: Yeah. Do you think that is a healthy feeling?

Mira: No, I do not.

Ramit Sethi: The questions that you asked on day one and the questions you're asking five years later are still the same. What are those questions saying when you ask, what's your plan for the day? What are you communicating to him?

Mira: I'm scared. I don't trust you.

Ramit Sethi: Yes. Bingo. Dan, do you agree with that?

Dan: Yes, 100%.

Ramit Sethi: She never came out and said that.

Dan: That's why I don't like the question every time.

Ramit Sethi: Exactly.

Dan: Because it's a loaded question. It's not just, hey, babe, what's your day? It's, hey, babe, prove to me that you're doing something worthwhile with your time so that I feel good about you.

Ramit Sethi: That's right. Prove to me that you are worth me being in this relationship, and that's not a good way to feel especially every morning. Dan, we heard the word that Mira is looking for, safety or security. What are you looking for?

Dan: Just to be accepted and loved for who I am without what feels like a lot of conditions.

Mira: But my question is if I have-

Ramit Sethi: Uh-uh. I'm not interested in your question right now. He just said something really important. How do you want to respond to your partner who just said that?

Mira: I hear that you want to feel accepted and loved for who you are.

Ramit Sethi: Can you do it?

Mira: I have to work on it.

Ramit Sethi: Do you think you can do it? Honest answer. It's a very difficult question I'm asking you.

Mira: It's a question I ask myself a lot. I think the truth of the answer is if we can talk about our dreams will be that—I don't even know, I don't know. But right now, it's good, I'm going with it.

Ramit Sethi: I don't know is an honest answer. My question to you is, do you think you can accept him? It's okay to say I don't know.

Mira: Yeah, I don't know.

Ramit Sethi: Dan.

Dan: On one level, it's not surprising to hear Mira say that, because obviously, that's what her behavior has been expressing, her behavior and her communication directly. But at the same time, it's kind of like, damn, it's like, yeah, I mean, it's hard to hear it so directly.

Ramit Sethi: You guys are very courageous for talking about this as directly as you are. It would be very easy to dance around this for the next 25 years. We probably all know people who have done that. It's not easy to have these conversations about acceptance and safety. I mean, it's very, very vulnerable. What are you going to say, Dan?

Dan: Mira said something about the consequences seems very gentle, or subtle, or whatever right now, things are good now, so she's going with it. And things are good in certain ways, but there are certain ways in which the consequences are not subtle, they are quite strong.

Ramit Sethi: Like what?

Dan: I mean, I don't know how to draw a direct connection from one thing to the other, but like we are very affectionate and loving, but we hardly have sex. And I think that's a sign of something that's not very subtle. And if we're talking about trust, and safety, and acceptance, like I mean, sex and intimacy is a place of—I mean, potentially at least, a place of vulnerability.

And when I don't feel—yeah, I can't make the direct connection. It's not like when I think about sex, I'm thinking about what Mira says to me about money. I'm not. But we fight a lot that the tables have turned in a way like she, despite what she says about her struggles with us and whether she can accept me, I feel like she's in a period of being much more open to me and to her feelings about me right now than I am. She is just very sweet—not all the time, obviously, not when we fight, but I just feel that she's more connected to her like the feeling of being in love with me. And I feel like—that at least temporarily, I feel less that way than I used to. And I'm trusting that it's still there, and I feel like we have a good thing in so many ways, but yeah, it's taken a toll on me that I don't feel it's subtle or inconsequential.

Mira: When I hear this, I feel like Dan is going to ask anymore, and like just ask me. I feel delusional.

Ramit Sethi: Why?

Mira: Of course, I know that we've not been intimate with each other. I think that's a problem. And I know it's connected to him feeling safe with me. Like I know that that's why it is and I'm just trying to, through kindness and love, like bring him to me, but nothing seems to work. And I just think that that will just—either that, I mean, that will just lead to just not working. I don't even know why Dan is with me actually at this point, because sometimes, the things he says about the way he is doing with me are like I feel like a terrible person. I feel like a monster, that I'm just not the right person he was hoping for, and he's going to wake up and tell me that tomorrow.

Ramit Sethi: It is amazing how much money shapes our lives. Yes, there are obvious things like how much we can afford for a vacation, or a house, or a car, but there are far more subtle ways that money affects us on a day-to-day basis. The way we see money can seep into our parenting. It can seep into who does the dishes or buys the groceries. And as we just heard from Mira and Dan, it can seep into our sex lives.

All of this came about because of his taxes. Just look at how deeply they have taken us into their relationship, how much Mira and Dan have opened up for all of us. And it all came about because he filed his taxes late. Sometimes, it's the simplest little wedge that opens the door to this entire cave of emotions, feelings, and history. I just want to say thank you to Dan and Mira for being so open and vulnerable with all of us.

Not everyone would come on this show and talk about how money is affecting their sex lives. Hopefully, as you're listening to this, you can realize how important money is. It's not simply something that shows up in your Excel spreadsheet. It can affect your entire view of your life and it can affect your entire relationship together. So, I'm thankful to them, I'm grateful to them for being so open with us. Let's keep going.

Mira: I don't know if he wants to be with me, honestly. I don't. When I hear Dan talk, I don't know if Dan wants to be with me.

Ramit Sethi: Uh-huh. And what was that thing you're looking for in this relationship again? What was that word?

Mira: Safety.

Ramit Sethi: Uh-huh. And so, when you ask him, I'm a monster, why do you even want to be with me? What are you asking?

Mira: I want Dan to say, I want to be with you, you're not a monster.

Ramit Sethi: That's right. The more you push him, the more you, I'm a monster, I'm horrible, I'm no good at anything, why would you even want to be with somebody like me? The more you push him, you're looking for him to do what?

Mira: Just reassure me that I'm not those things and he wants to be with me.

Ramit Sethi: Yeah. Do you see how that little gremlin on your shoulder, we'll call her Safety Sally. Okay? She's sitting on your shoulder and she's always whispering in your ear, what's she whispering in your ear?

Mira: You're unsafe. It's dangerous.

Ramit Sethi: Yes. What else?

Mira: Work harder.

Ramit Sethi: Keep going.

Mira: Make more money. Be safe. Figure out a plan. Be with somebody you can trust. You don't trust this person.

Ramit Sethi: So, Safety Sally manifests in so many weird ways, doesn't she? She gets you to say these phrases that don't even seem connected, but it's her. She's going to say this, Mira, say that you're a monster and make him question why he even wants to be with you, because what? Finish the sentence for me.

Mira: Because you want him to prove that he thinks you're worthy or you're okay.

Ramit Sethi: Yeah. So, you ask him more and more critical questions, because if he answers them or even if he ignores you, but he stays, what does it tell you?

Mira: I'm okay.

Ramit Sethi: You're safe. And do you start to see how all of these behaviors that you manifest, the criticisms, the pushing him away, how would you describe the effect they have on him?

Mira: I mean, they push him away.

Ramit Sethi: Yeah.

Dan: The interesting thing that I was thinking is that I probably provide her more emotional security than she's ever had before in her life, so I kind of feel like I should get some credit for doing the job.

Mira: Don't you feel like I give you credit?

Ramit Sethi: Uh-uh. That's Safety Sally speaking. Do you see what just happened there, Mira?

Mira: No.

Ramit Sethi: Okay. Let's play it out. Say those words again that you just said.

Mira: Don't you feel like I give you credit?

Ramit Sethi: Aha. And what do you hope he says right now?

Mira: Yes, I feel like you give me credit.

Ramit Sethi: Yes, I feel I give you credit and you are safe with me, right?

Mira: So, what should I say?

Ramit Sethi: Well, let's pick another person to sit on your left shoulder. What do you want this person to be called?

Mira: Secure Sarah.

Ramit Sethi: Okay. That's pretty good. Alright. That's a lot of S. I like it. You said, why would you be with somebody like me? Something like that. Can we try that same response, this time with your Sarah, positive Sarah on your left corner?

Mira: You're wonderful and extremely supportive in ways that I could not even have predicted that I wanted, in ways that amplify what I can do and power me forward. You're the most stable and nourishing relationship I had in my life so far. I mean, I'm just so grateful to be with you. I don't want to lose you. You're like my magical person, who is a craftsman. You are very good at what you do with your hands when I watched you deejay the first time, like when I saw you, and you know, and I respect that so much. I respect you a lot.

Ramit Sethi: Dan.

Dan: It's nice to hear all of that, for sure, but I also guess I have a pretty strong feeling of not being respected, so it doesn't always feel in the balance like you respect me a lot. That's not always clear to me. It was nice. I was right there with her agreeing, and I felt my love for you, hearing you say that.

Ramit Sethi: Okay. This is great. Now, we are starting to make some great progress and we're going to turn it into even more progress in just a second. I just want to point out that just like many of the other conversations I have with couples, the thing that they originally came to me to talk about is rarely the true issue. It's just a symptom. It's like somebody coming to me, and saying, oh, my gosh, Ramit, there's some red stuff on my carpet.

I come and take a look, I go, oh, you're missing your left arm and you're profusely bleeding out of it, that's blood on your carpet. They go, what? But how am I going to clean my carpet? Okay. We want to get beyond the symptoms and get to the root cause. First of all, dude, you need to go to the hospital right now, okay? Get off Zoom, and go to the hospital. And as for the people that come to me about issues like taxes, we need to dive in and understand what's going on.

In this case with Dan, Dan, you know that Mira wants certainty, safety, and security. Deep down, you know that delaying your taxes and not updating her is going to trigger those things. Life is hard enough. Do not create more problems for yourself. Solve the problem. Hire a tax person. Do whatever you need to do to make that problem disappear. In the grand scheme, this is a relatively simple problem.

The deeper the issue, the more real the problem is the way that both of them see money. And it's not only that, it's that they don't talk about the real issue, they simply deal with the symptoms. So, what we've started to do now is we started to go beneath that. Why does it make you so upset that I don't get my taxes in on time? And now, we've gone back to the first time they met. These are real conversations.

They're hard to do alone. But the reason I started this podcast was so that you could see and hear how to have these conversations with your partner. Let's continue.

Dan: My rich life, some of it has to do with money, but a lot of it doesn't. It's just spending a lot of time with people that I love.

Ramit Sethi: Specifics.

Dan: Okay. We hadn't been to a movie since before COVID, and we went to a movie theater, and it was a beautiful, very moving, inspiring movie. I also really felt, wow, it's so good to have like a positive, moving, inspiring experience together and just share that. And so, my rich life is just having my life be full of that. I mean, with Mira, with my friends, with my family, with potentially our children, with traveling, with art, with music, with dancing, with having fun, sex. I don't think the details matter as much.

Ramit Sethi: The details matter for your rich life because it helps me understand what motivates you. For example, I could interpret what you told me as I want to go to four movies per year. Is that your rich life?

Dan: No, that's not what I meant.

Ramit Sethi: Exactly, but this is why the details matter. Give me a couple of examples. Specifics.

Dan: Traveling all over the world, experiencing just beautiful nature, experiencing beautiful art, and culture, eating incredible food together.

Ramit Sethi: How long do you want to go for, three days?

Dan: Depends on the trip, but-

Ramit Sethi: Fourteen days, what are we talking about? Give me a number here.

Dan: Two weeks, three weeks, a month.

Ramit Sethi: There we go. Great. Okay. Great. I need these details. She needs it, too. Okay, because it gives-

Dan: She knows this about me, though, I think.

Mira: No, I don't.

Dan: Really?

Mira: I'm like, no, I need more specifics.

Ramit Sethi: Dan, do you see why she needs more specifics?

Dan: Well, apparently, she needs them, because otherwise, she's imagining something quite different from what I want to think about.

Ramit Sethi: But even you aren't telling me right now, and I'm probing you like Mike Wallace. I'm trying to get every detail, and you're going, oh, I like to travel and see a museum. What? What does that mean? Here's the difference. Example one. Hey, babe, let's go out to dinner on Saturday. Here's example two. Babe, I have been keeping my eye on this sushi restaurant. I finally got reservations. I got them at the best time. They have this omakase, they have this sushi, it comes in from Tokyo every morning, whatever, and they have this certain type of fish. They make it and they serve it to you within 15 seconds. We have to go there. It is going to be incredible. What's the difference, Dan?

Dan: Details and passion.

Ramit Sethi: How am I lecturing an artist on passion? This is crazy to me. The second thing is it shows that you are proactive, and really, that's what Mira is looking for. That's what makes her feel safe, to know that someone else is being proactive. So, let's try it one more time. I want to press on this because it's important. Give me one thing in your rich life and give me some very specific details.

Dan: I don't know, but-

Mira: Can I try?

Dan: She's like, I can do it better. Like why aren't you asking me? I can do this.

Ramit Sethi: No, no, no. That is funny, but she's extending you a lifeline. That's how I would interpret that.

Dan: Are you?

Mira: I'm going to try to inspire you with my like-

Ramit Sethi: Alright. Go for it. I want to be inspired.

Mira: Yeah. I want to swim with whales in Hawaii. I want to learn how to surf. And I want us to find a shared common interest and discover the world through it, and the world's most beautiful, like if we love food, we both love food. We're both vegetarian-ish. Like if we can discover the world, like Japan, and Indonesia, and the most beautiful natural places through food, textiles, or music.

Dan: I'm scared to swim with whales, but I want to do it, too. I think whales are amazing, very inspiring, and moving, and I want to do that.

Ramit Sethi: That's kind of funny, Dan, because isn't that what you said you wanted to experience just a few minutes ago?

Dan: Which?

Ramit Sethi: The part about traveling, seeing these movies, museums, art.

Dan: Yeah.

Ramit Sethi: Does anybody see what I'm getting at here? I'm the only one?

Dan: I don't know. Is someone else here?

Mira: We have the same. We have a big overlap. It's a good thing.

Ramit Sethi: Yes, you have a huge overlap, but when each of you shares it, the first thing that happens is this, you nitpick the vision to death.

Dan: I'm just scared of being with an animal that's that big.

Ramit Sethi: But I love that. I love that, Dan. I love that you said, you know what, it would make me nervous, but I'd like to do it with you. And if it were me, one thing I might do there is just lean into that, and say, you know what, when I think about swimming with a whale, that makes me nervous, but honestly, I'd love to do it with you, because what an adventure that would be, and that's the kind of life I want to create with you.

Dan: She's my love. And of course, I want to swim with the whales with you, babe. I want to do anything like that, everything there is like that that there is to do.

Ramit Sethi: That's the response. This is when the two of you are at your best. I bet she would love it if you were to plan or even ask her about some of that. Hey, babe, I heard what you said about whales. That would be amazing. We probably can't go there right now, but-

Dan: Honestly, we could go right now. I mean, not right now, right now, but like we could plan that trip now, like it's even in America, so you can go there.

Ramit Sethi: Are you guys about to do a whale-watching trip right now? Are you going to plan it right now? I love watching the two of you have this conversation, watching you two to co-create your life. And for you to co-create your rich life together, what's clear to me today is that you both have to create your own individual rich lives first. Dan, you being accepted, feeling accepted, the same way that you feel about your cooking, which is one of the favorite things I've heard you talk about today, is extending that to other parts of your life.

Mira, I think you can think bigger, deeper than that. If you start to do this, suddenly, a lot of those other things fall into place. Should we go on vacation or how much are we paying for rent? And that stuff is a detail. It's so interesting, Dan, that we're coming full circle now. What we want to do is the original question that Mira wanted to talk about. What's our plan?

Dan: Right.

Ramit Sethi: And now, you're both finally ready to have that conversation. What's our plan for life? I walked into this episode thinking, cool, we get to talk about taxes, maybe I'll get to riff a little bit on marginal tax rates and have some fun, and this conversation went a very different direction than I thought

it would. The key takeaway from this episode is that it is possible to have a thriving relationship with someone even if they see money differently than you, but you do need to do something different. First, you need to know what your views are on money. Most people don't. Second, you need to know why you have those views, almost nobody knows that. They think they're just logical, oh, of course, that's so logical, you should buy a house, it's a great investment. They don't know where they got those views from. And third, you have to be willing to talk about it. If you can do those three things, you and your partner might see money differently, but you can still thrive.

In this case, Mira could come out and say, you know what, the way I grew up, I was taught safety first, save money. I need certainty and safety. For me, that means I need a plan. It means I need to know where we're going. And it means that, sometimes, when you don't tell me, where you play it cool and don't talk about certain things, it makes me feel unsafe. That's a good way to start that off.

Dan could say, you know what, I see money differently. I'm pretty relaxed about money. And usually, it works out for me. I want to feel accepted about what I'm doing with money. I don't want to be questioned and micromanaged every day. Now that they've put everything out on the table, now, they can have some conversations. Of course, you notice what we did towards the end, which was we talked about their rich life.

It's very easy when each of you gets into your corners to say, well, I need this, and I don't like that, and you can't get out of that. That's a losing battle. So, instead, we can create a new North Star. What do we want to do with our money? What do we want to do with our lives? What is our rich life? And when we started there, you noticed that a lot of these feelings and a lot of these narratives that they have about their money views started to disappear, hey, if we want to go out to sushi or we want to go watch whales, cool, how can we make that happen?

In other words, it's much better to move together towards a joint vision than to try to disentangle your individual views on money. So, if you are listening, and you and your partner have a different view on money, just know that there is light at the end of the tunnel, and yes, you can still find a shared vision, even though you two will never agree on certain things when it comes to money.

Synopsis: It all started with a splurge at Target. Tami spent \$250 and tried to hide it from her husband, Mike. He likes to make digs and police her spending habits. She likes to make jokes about his bad purchases. They're sparring over gas station snacks and unused kayaks, and each "win" gives them the satisfaction of saying, "I told you so." These seemingly minor annoyances are covering much deeper resentment issues. As you're listening, think about the habits you and your partner have. Ask yourself: are they serving you?

Podcast Transcript:

Ramit Sethi: I'd like to introduce you to Tami and Mike. They're a Midwestern couple, they met 17 years ago, and they have a son named Rowan, who's two years old. And they make \$135,000. But believe it or not, the reason they came to talk to me was a trip to Target. Tami had taken a trip to Target, she bought some stuff, and when she came home, Mike's first question was, "How much did you spend?" And this led to a blowout fight.

Well, as you listen to the conversation today, I want you to pay close attention to the way they talk to each other, and the way they joke with each other. It's sarcastic, but it goes a lot further than that. And as I try to unpeel what's going on here, you're going to hear a lot of surprises, particularly towards the end of the episode. My name is Ramit Sethi, and this is the I Will Teach You To Be Rich podcast. Here we go. Tami, can you tell me what happened recently when you went to Target?

Tami: It was probably just to pick up a couple of things. We're in the pandemic, and we're following the CDC guidelines strictly. So, going to the store is a luxury now in a way that it never was before. I found the household things that we needed, like cleaning supplies and I got snacks. And all in all, it ended up being like, I don't know, probably around \$250. And so, when I got home, he asked how much I spent. And so, when I told him how much I spent, he got really upset, because it is a decent chunk of money for me to just randomly spend. Like anytime we spend more than, I would say, like 50-ish dollars, we usually check in with each other, like, "Hey, is it cool if I spend this much money?" So, for me to just go and drop like \$250 at Target was kind of a big deal.

Ramit Sethi: Okay. Wait, wait, wait. I just got to stop and cut in here. Listen, I grew up in suburbia. I know everything there is to know about Target. You walk in there, I know where the Hot Tamales are. I know where the detergent is. I know that Target now carries a copy of my book, I Will Teach You To Be Rich. I even know that when I bought a bike my senior year of high school to go to college, the cashier looked up at me and he made fun of me, he goes, oh, would you like some pom-poms with that, too?

That Huffy bike may have been a girl's bike, I'll never know. But what I do not understand is how obsessed so many of you are with Target. Every single time I mention Target, I get 200 tweets like, "LOL. Is it possible to even walk out of Target without spending 100 bucks? My wife gets lost in there. Better say bye for an hour." Like is this the new Disneyland, people going shopping at Target?

And then, I think to myself, wait a second, my wife loves Target. And every time we go in there, she pulls out the red cart and then disappears. I'm like, "What the hell is going on right now? How did Target get so popular?" Whatever they did, I think it was that Michael Graves teapot that they came out in 2000. Good job, because all people talk about is how much they love Target. Okay.

Back to this couple. Did you notice that she casually mentioned that when she got home, he asked how much she spent? Does anyone else find that curious? I do. See, sometimes, one of the benefits of speaking to couples is that I get to gently point out that what they think is normal isn't that common. For example, if you earn \$135,000, should your first question be, how much did you spend? Listen carefully to that clue. You're going to hear a lot more of it.

Tami: We kind of just got in a huge fight, and honestly, I'm terrible when we get into fights like that because I tend to just almost blackout; I can't even tell you details of any of the argument. I just remember that I was getting more and more upset, and Mike had said something along the lines of the fact that he makes more money than me, so it's not fair for me to go and spend more money when—that amount of money, at least, that he sacrificed to stay at his job and to make the amount of money that he does.

So, like if anybody's going to be spending that money it should be him. So, I got super upset, and then I left. Like I just said, "I'm leaving", and I said other things, and then I just got in the car, and I drove off, and

I went and returned a bunch of the stuff to Target. I just remember feeling like small and like less than, I guess, which kind of spills into other areas of like our marriage, and our partnership, and division of like responsibilities. And so, I felt even worse after that.

Ramit Sethi: Mike, what was your experience with that Target trip?

Mike: When she got back from Target, I think my expectation was like, "Hey, you took as much time as you wanted to, you kind of got away, you probably bought a few things, but like nothing crazy. You maybe pick some stuff up we needed and something small for yourself." And so, I initially, honestly didn't know how much she spent. I kind of asked and we didn't have much of a conversation about it.

So, it wasn't until like a little bit later that I got a sense that she had bought more stuff. At that point, I had felt frustrated just because I kind of felt like, okay, I already was like, "Hey, go take your time, no rush. I'll take over parenting duties, and do whatever, spend some money." I think there was a text message somewhere in there, too, where I was like, "Hey, like don't worry about it. If you need to spend 50 bucks, spend 50 bucks, whatever."

In my mind, probably trying to set like a, "Hey, I'll be cool if you spend this much without us discussing it." And so, honestly, like I felt a little bit taken advantage of and I initially didn't immediately voice my kind of displeasure or whatever. I kind of just like sat on it, but I think it was really obvious that I was upset. And so, I think she picked up on that and I was frustrated about her spending the money.

I think what I'll do sometimes when we do have money disagreements, whether it's planned or not, is that I'll kind of justify when I want to spend money because I do feel like, "Hey, I make more money." We make kind of a group decision that like, "Hey, you're going to take a different position so that you'll have a better work-life balance", and that's going to mean we have to make some cuts. And so, I think that, to her, maybe meant we both make cuts together.

To me, that meant like, you make cuts, but I'll get a little more flexibility because I make like \$30,000 more or whatever, which is not a fair assumption, but I try to say that to her in that moment. And fairly, she only heard me saying like, "I make more money than you. It's okay for me to go spend money, not you." And so, I tried to backpedal out of it, I was like, "No, no, no, I'm not saying I feel that way. I'm saying that was like the gut reaction that I got. It was shitty that I said that. It's not right, but it is how I felt. I just want to be honest with you."

And I think at that point, she was like shut down and out the door, was just this thing of like, "I have a harder, more stressful job, I make more money, and we don't have an even split of certain things, and I feel like you sometimes aren't conscious of that with our finances". I guess like I'm a fairly anxious person like I want kind of control of a lot of things.

And I think that, ultimately, like if I tick this box, it's like, okay, well, that's handled, we don't have to worry about Tami going and spending money that I had some sort of like majestic plan for in the future. Even if I didn't have a plan for it, it's just like the fact that she walks out the door, and I don't know where she and the money are going. It's stressful for me.

Ramit Sethi: But isn't she your wife?

Mike: Yeah. I mean, right, if there's anybody I can trust, that should be my wife.

Ramit Sethi: Do you trust her?

Mike: Yeah, I do. I mean, literally, with more important things than money. No, I mean, I do like-

Ramit Sethi: Hold on a second. You trust her. I believe that you trust her, but just 10 seconds ago, you said, there she goes out the door with \$250. Like that's a bit of an odd way to describe your wife, wouldn't you say?

Mike: It is.

Ramit Sethi: It's not even \$25,000, by the way. It's 250, what's she going to do? Oh, 250 bucks, she filled up the car three times with gas. What are we going to do with 250 bucks?

Mike: Right.

Tami: After he like calms down a little bit from his anxiety and like he can take a step back, he realizes that like, yeah, in the scheme of things, this isn't a big deal.

Mike: Right.

Tami: But at that moment, it's those moments that add up kind of a thing, because then I get more like nervous and anxious about like spending money or feeling like there's a part of me that feels like I have to hide it, but also like I have to tell him about it. If it's more than just gas station snacks, or running to the party store or something, it ends up becoming, I think, a bigger thing in the long run, because those small types of disagreements add up to having lingering consequences.

Ramit Sethi: You know what I find interesting? I find it interesting that Tami, you went to the store with a plan to buy a couple of things and ended up buying \$250 worth of stuff, far more than you had planned. I find it interesting that you justified it to yourself by saying, well, these were gifts for our niece, and nephew, and this, and that, and you sort of papered over the fact that you knew you spent more than either of you expected. You hid that when you came home, you were not forthcoming. Okay. I find that interesting. I find it equally interesting, Mike, that the first question you asked her was, what was that question when she came home?

Mike: I'm pretty sure I asked her how much she spent.

Ramit Sethi: Yeah. Is that a common question, Mike, that you ask her?

Mike: I mean, probably, yeah, I would say so. It depends on like the circumstance, but I would say definitely like if she's going to certain places, where there's a certain expectation on my end that I know she's going to want to buy stuff, I mean, I think also before she goes somewhere, I'm like, "Hey." So, I try to be like, "Spend this much".

Tami: I mean, I went out just a couple of weeks ago with my best friend to run to TJ Maxx or something, and what did you say? You made a joke, it was joking, but he still made a comment to Courtney, what did you say? You said something like-

Mike: I think something about making sure she doesn't spend too much or something.

Ramit Sethi: Okay. Hold it right there.

Tami: Yeah.

Ramit Sethi: Mike, how do you think that that joke is perceived?

Mike: I think it's like both disempowering, and like you don't trust me, and like I'm going to just go do something simple and you think I'm going to make dumb decisions.

Tami: Yeah. And then, we came back, and as a joke, this is probably just as bad, but like I brought in mine and Courtney's bags together, and was like, "I only spent a little bit of money", and he was just like, "Are you kidding me?" when he saw like the amount of bags that I had.

Ramit Sethi: So, Tami, you're playing into it as well?

Tami: Well, yeah, because I was like, alright, well, if you're going to make this joke, I'll make this joke. And then, he was like, "How much did you spend?" And I was still like, "Well, I only spent \$65", but then I was like, "Oh, God, I still spent \$65."

Ramit Sethi: Can I ask you a question?

Tami: Yeah.

Ramit Sethi: The two of you making these jokes to each other over a trip out with your friend to TJ Maxx, what do both of you get out of it?

Tami: I think probably just, I don't know, like satisfaction kind of a thing.

Ramit Sethi: Of? You're getting satisfaction out of you being what?

Tami: Better.

Ramit Sethi: Better than who?

Tami: Mike.

Ramit Sethi: Yeah. Mike, what are you getting out of these jokes? What are you getting out of the joke that you pull Courtney aside, and say, "Keep your eye on Tami, make sure she doesn't spend all this money"?

Mike: My most honest answer that I think is that I'm trying to, without actually saying it to her, be like, "Don't go spend money". I think to me, it's mostly a control thing.

Ramit Sethi: Do you need to check up on how much she's spending at TJ Maxx? This is not Louis Vuitton.

Mike: I know, right?

Ramit Sethi: What are you going to get at TJ Maxx, a suitcase for \$40? I know how much those suitcases cost. I grew up buying suitcases at TJ Maxx. I know every aisle in TJ Maxx. What is it? Is 65 bucks going to change your life?

Mike: No. And I think part of it is that I don't even, myself, know the distinction between when I honestly am not concerned, and like in my mind, I'm joking, versus when I am concerned. Like I think that that line has probably blurred for me.

Ramit Sethi: What Mike just said is really important. Did you catch it? He said, at this point, I don't even know the distinction between when I'm joking and when I'm concerned. What a great example of how small habits or small jokes can exact an enormous cost on you. Now, some of you have heard me talk about how I used to jokingly call myself a skinny Indian guy. For years, I was 127 pounds, and in part to cope with it, I would joke about being skinny.

And the truth is, I was rewarded for that joke, I would get a little haha, but in reality, it cost me a lot, because when I finally decided to make a change, to learn how to lift weights and put on some muscle, I had created this identity for myself of being just a skinny Indian guy. And looking back, I wish I had never

said that. In some way, we all do this. We'll say things like, oh, I'm just not good at math, ah, I just can't manage my money, whatever.

And if you want to make a change, whether it's to change your body, become better with money, become more spontaneous, or even become a better parent, you can, but it gets a lot harder if you've created an identity that's directly in opposition to change. Mike and Tami have been lobbing these comments to each other for so long, that they don't even realize it's not normal. They don't realize the effect it's having on their partner. They don't even realize if they believe it or not.

When I speak to these couples, one of the gifts that they give me is they allow me to see their relationship. They open themselves up, and they tell me, they want me to give them feedback on what I'm observing. So, I want you to do the same thing with your relationship. As you're listening to this, think about what habits you and your partner have, everything from what you say to each other to what you eat, what you do for fun, even the inside jokes you have.

Think about what the two of you say after you go to a party and see other people. What do the two of you say in the car on the ride home? All of those little behaviors, all of those habits you have, think about them, and then ask yourself this, are they serving you? Because for Mike and Tami, I can tell you right now, their habits are not serving them at all.

Why does a joke in your relationship have to be at one of your expenses?

Mike: I mean, yeah, I don't know. It's like our way of skating around the actual issue and just letting it fester.

Ramit Sethi: Do you two have parents who did this?

Mike: Well, not me as much as Tami, but-

Tami: I think that my parents had a somewhat similar type of relationship as Mike and I do in terms of finances. Like I can remember my dad like taking my mom's credit cards and like hiding them, so like she couldn't use them. Like she definitely was the one who would do what I'm doing now, like spending little bits of money here and there, and then him giving her kind of a hard time about it. And probably, yeah, having the same type of banter and jokes, like that kind of a thing.

Ramit Sethi: And how did that work out?

Tami: I mean, they're still together.

Ramit Sethi: Are they happy?

Tami: In their way. It's complicated, and I don't know, it's like a lot, I don't know.

Ramit Sethi: You want that relationship for you?

Tami: No.

Ramit Sethi: That was quick.

Tami: Yeah, no.

Ramit Sethi: How come you said that so quickly?

Tami: I mean, I don't want my relationship to look like their relationship with each other, no. Yeah.

Ramit Sethi: Most of us live utterly predictable lives, we just refuse to see it. Mike and Tami are on a path that is so utterly predictable that if you're listening, you can spot what's going to happen from a mile away, but they don't see it. You rarely do when you are in your situation. You think that, oh, it's different, we're unique, we have all these different possibilities, when someone from a little bit of distance can say, hmm, I can kind of tell where this is going.

Most of us live utterly predictable lives, we just refuse to see it. Mike and Tami are on a very predictable path, and the outcome is not good. The way they fight is toxic. The way they argue about money, it's no good. The place they're going is not a good destination, but they don't realize the predictable path they're on. And this affects us as an entire country as well.

Think about it, if you skip class to work at Carl's Jr., and then you go, I'm not going to college, the truth is, you're probably not going to be a multimillionaire. The fact that this seems controversial to say speaks to how strongly our country's propaganda is, this idea that you can accomplish anything if you set your mind to it. Yeah, that's possible, maybe you can, but the odds are stacked against you.

I had a friend once say, "But Zuckerberg dropped out of college." He dropped out of Harvard. The reason I'm bringing this up is that Americans drastically overestimate our social mobility. We have this invisible script that we can work hard and become rich, but if you zoom out and compare our social mobility to that of other countries, you'll be surprised. Americans are not as mobile as you thought.

If you grew up poor, odds are you'll remain poor. And this, by the way, is one of the reasons that I'm such a fan of paying my taxes and increasing social services. I bring this up because Mike and Tami are living utterly predictable lives right now, but they just don't see it. They fight about tiny amounts of money. They insult each other. And they're on track to replicate or at least resemble her parents' relationship, which she just said she doesn't want to be like.

We know where this path is leading, but they refuse to see it. It's just like flossing. You know you should floss. You've heard people warn you about what happens if you don't. It's easy to ignore it, because you don't feel the cost, but day by day, you're living a life where the outcome will predictably be bad. So, now, what I want to do is I want to try to show them this, not tell them, not lecture them, but I want to show them the path they're on and let them figure out what's going to happen. I'm going to do that by starting by asking them what money represents to the two of them.

Fifty dollars, is that going to change either of your lives?

Tami: No.

Mike: No.

Ramit Sethi: Okay. So, you're all sitting here fighting about \$50 here and \$200 there, and the two of you make \$135,000 household income per year, why do you think that you're so happy to be fighting over 50-dollar questions?

Mike: When I was younger, my dad had like many medical issues, and we ended up with like \$100,000 medical bills, and vehicles being repossessed, both of our families eventually like lost our childhood homes and stuff like that. So, I think I always have just lived under the assumption that if we're not penny-pinching, even though it's inconsistent, because again, sometimes, it's like, if I'm going to get in, I'm just, ah, whatever. It's like that \$50 matters a ton sometimes if I'm freaked out and it doesn't at all other times.

Ramit Sethi: Have you noticed that Mike, you're playing life not to lose?

Mike: Yeah.

Ramit Sethi: What do you think the costs are of playing life not to lose?

Mike: I think there's a lot of small losses in trying to avoid the big loss that might never come anyway, especially like when we were a little bit younger before we like had money, where it was like \$1,000 was the world to us, or at least to me, where it's like we skipped a destination wedding, or skipped this, or that, or whatever.

Ramit Sethi: By playing life on defense, you are missing so many opportunities to go on offense. And by playing life on defense, every day you wake up, you put on your glasses, and the first thing you scan the room and look around for is, what can go wrong today?

Mike: Oh, for sure.

Ramit Sethi: What's going to break? What's going to go wrong in our finances?

Mike: Yeah.

Ramit Sethi: It's not a very pleasant way to live, is it?

Mike: No.

Ramit Sethi: What other examples can you think of playing defense?

Mike: So, it's like this grand gesture, where for her birthday or our anniversary, one or the other, I was like, "I bought these tickets, and like, now, this means we have to go to London and we're going to make it happen". And like I also, especially then, had like a deathly fear of flying, which is only slightly better now. And so, I was like, I'm going to commit to this, I'll get my shit together, and time to go make this amazing trip.

And then, in the meantime, because the tickets were on sale like a year-and-a-half before the show or something. And so, by the time we got closer, I slowly talked my way backward out of it, and was like, "Actually, we need the money, because we don't want to rent this apartment. We should work towards buying this condo, and we can't buy the condo and go on this trip".

And so, like walk slowly backward out of it until we finally weren't going, which I think in my mind, as we made it up, because we saw the same show in New York a few years after that or something, but I think that's like a really specific example of something, where like I tried not to disappoint Tami, and also to really surprise her and do something that was unlike myself, but ultimately, I reverted to my old thinking, and backed out of it, and kind of just like rationalized why it was better that way.

Ramit Sethi: And I'm willing to bet, Tami, correct me if I'm wrong, you loved the gesture, he came out, oh, my God, he was thoughtful, he created a plan a year-and-a-half in advance. Did you love that gesture?

Tami: Yeah, I was super excited. I was texting all of my friends. I was texting my mom like, "Holy shit, finally going to get to go back to London. Like this is going to be amazing".

Ramit Sethi: And so, Mike, you got all the points for being the spontaneous hero, and then in the end, did you have to overcome any of your fears or change any of your behaviors?

Mike: No, no. I mean, I tried and failed, but I didn't ultimately have to. I mean, I did in that moment, I felt like, but I think over enough time, I like went back to zero.

Ramit Sethi: So, where do you two end up if you keep going the way you're going? What's the cost of this dynamic that you two have established?

Tami: I think for me, where I know that I am worried that we're going to get 10, 15 years down the road, and our son is going to be not needing us as much, and I'm going to look back, and be like, "Holy shit, like I'm not happy, this is not what I want out of life, I don't know who I am anymore".

Mike: We have a lot of motivation to be together regardless of how we feel minute-to-minute or day-to-day because we do have a shared project that we're very committed to in raising a child. While I may extend even further my fearmongering around finances to try to keep him safe financially, I then also do the same stuff to him. And he's a child now, but I don't want to treat him like a two-year-old when he's 16 or a 16-year-old when he's 30. And then, I also don't want him to see me doing that to his mom.

Ramit Sethi: Okay. Let's imagine he's eight years old just a few years from now, and mom is going out with a friend for lunch, and your eight-year-old son sees Mom putting her shoes on, and he says to her, "Mommy, don't spend any money when you're out with your friend", how would you feel?

Mike: I would be mortified, I'd be like, oh, shit.

Ramit Sethi: Because what?

Mike: Because I wouldn't want him, A, to feel like that's how you act in a relationship, like I wouldn't want him to feel like instead of having like an open, honest communication with someone, that you like take little jabs with them to try to get them to bend to your will. And I also wouldn't want him to internalize that either to where like he's going out, too, and feels like, oh, I might make a dumb money decision, I got Dad's voice in my head telling me I'm an idiot, or even almost worse if he's like, well, I'm a boy, so I won't mess it up. It's just dumb. Like that would be awful.

Ramit Sethi: Okay. Tami, I noticed you're crying.

Tami: Mm-hmm.

Ramit Sethi: Can you tell me why?

Tami: I just think that it's really important to us to not recreate some of what we experienced as children and that we have like things that we saw as kids like our parents doing with each other or talking to us, we've carried that through life and it's some of the things that we struggle with now. And just thinking about doing that to Rowan, and then whoever, Rowan, like his partner when he grows up is going to be on the receiving end of what he grew up with that he's carried with him.
And so, I think the pressure of that, just something that we knew like going into being parents, that we were going to have to be better than—I don't know, just be better. And I think before you become parents, you think, well, I'm not going to do like these things or we're never going to do that. It's easier said than done. So, just like imagining that, and I had—

Ramit Sethi: Seems like of everything we talked about today, that was the thing that reached you.

Tami: Mm-hmm.

Ramit Sethi: Why is that?

Tami: I think, always, like I'm just trying to be the best parent that I can be kind of thing to him and I just don't want to fail him.

Ramit Sethi: This is such an important moment. I'm very thankful to Tami for being so open with me here. This has happened on several episodes, where a couple has a money issue and will spend hours talking about it, and they'll agree, yes, this is a problem, yes, we should make some changes, yes, we need to do something differently, but once we talk about what their son or their daughter is picking up on, suddenly, they're crying, even bawling.

Why? Because money is emotional. It's one thing to talk about a spending problem or Target, or getting financially aligned, but when you think about your son picking up on these issues and carrying them into his life and his future relationships, suddenly, it all clicks. This is serious, really serious. It's not a joke. And I want you to listen to me carefully. I had a track coach tell me this back in high school, and I didn't really understand it, but now I do.

He said, "Someone is always watching. If you're at work, and you go above and beyond on an assignment, someone is watching. If you're emptying the dishwasher at home and you half-ass it, someone is watching. If you fight with your partner about money, someone is watching. You might not know who and they might not even realize they're making a judgment about you, but someone is watching."

The point of this isn't to impress people around you all the time. The point is I want you to develop an intrinsic motivation to take the really important things in life seriously. Your rich life is not a joke. It's not something to delay, or procrastinate on, or to minimize. Someone is always watching. And eventually, that someone who matters most is you.

Can I just tell you, I love jokes? Alright. I love making fun of myself and I love making fun of other people. Half of my Twitter feed is making fun of people who think real estate is the best investment on Earth. They're fucking delusional. They had never run numbers in their life. Okay. I love it. So, when I say this, I want you to listen carefully to me. It's not that funny to verbally decapitate your partner. It's not that funny. And yeah, you can get a win, but the win is so short-term and the cost is so enormous.

Mike: I think that's like beyond the joking and stuff, we do give each other a hard time about, where it's like, she's like, "Oh, you're always trying to wear me down about something like a big electronic thing or something, electric lights-"

Tami: Kayak.

Mike: Yeah, kayak, this, that, whatever, where I'm like, "Yeah, but I'm buying myself like experience and like a hundred experiences, and you're just buying yourself mini-donuts at the gas station".

Ramit Sethi: You're both playing to win at the other person's expense, you hear that, both of you?

Tami: Especially because he doesn't even use it that much. He's got this freaking kayak hanging up in the garage, and he's used it three times. This is exactly what our friends experience. This is how I felt it was-

Ramit Sethi: I know Tami and I can see the huge smile on your face right now. You are loving this.

Tami: Mm-hmm.

Ramit Sethi: Until the two of you can change this, what just happened, you're going to be stuck here, because you two love it. You love attacking your partner. Look at that smile on your face, Tami, it's still in your face.

Tami: I know, yeah, because I'm just like, holy shit, like I've never really like sit, like thought of it like that, I guess. Like I'm just like-

Ramit Sethi: Can I tell you something? If I heard a couple, of my friends, saying what you guys just said to each other, I would be shocked. My friends do not talk like that. I find it so inappropriate like it would be a huge deal if any couple we were out with said just what the two of you said about the kayak. And that's the least of what you said today. "And the worst part is he doesn't even use the kayak", making a joke at his expense and making yourself seem better.

Tami: Yeah.

Ramit Sethi: So, Mike, I would rather you simply said, "Look, I want the kayak. It's in our plan. I'm going to get it, and you know what, babe, I'd love to take you out on that kayak next Saturday." Wow, what a different approach. Now, as for you, Tami, I would rather have you say, "Yeah, I picked up some snacks, and, Mike, I know your favorite snack is Red Vines and Twix, you know what, I bought you a couple of those things, too." I would rather have that. But the ultimate level is that you're both not asking each other about these 10-dollar, 20-dollar decisions at all. You make \$135,000 a year and you're interrogating each other about gas station snacks. Why do both of you engage in these interrogations on 20-dollar questions?

Tami: I don't know.

Ramit Sethi: You know.

Tami: I mean, my immediate reaction, you saying like, "Hey, I bought this kayak, we have it in the budget, we can save for it, and I'm going to take you out on it." I'm going to say like, "No, I don't want to do that. That is terrifying to me." And then, me being like, "Oh, hey, I went and got these snacks from the gas station, and I got some of the snacks that you like" like Mike hates that shit. And so, he'd be like, "Why would you get me this stuff to make me feel sick?"

Ramit Sethi: Okay. Tami, I think you took away the wrong takeaways from my examples. That whole example was meant to be positive. You went in there surgically, like you were a surgeon with binoculars on, you went into that entire story and you surgically, with your forceps, pulled out the only two possible negative things you could have pulled out of that story. Can you try to do that again, and this time, go positive?

Tami: Yeah. I mean, like appreciative, like that sounds awesome, or thank you for thinking of me, or the kayak would be like, oh, this will create like new great experiences and memories for us, and just give it a try kind of a thing.

Ramit Sethi: Cool. Maybe Mike says, "Hey, babe, I know you don't like the kayak. I'll tell you what, I put out a beautiful towel and a cushion, and I packed a picnic lunch. I would love to have a nice bottle of wine with you and have Rowan there, and then I'm going to go out on the kayak right in front of you, and you can just watch, and I got some music all ready for you". How would that sound?

Tami: I mean, yeah, that sounds like a lot of fun. Mm-hmm.

Ramit Sethi: That sounds amazing.

Tami: Yeah.

Ramit Sethi: So, Tami, what is it that you went in with those surgical forceps and pulled out the negative side of it, versus creating a hypothetical experience that would be positive?

Tami: I think because we have such a difference in what we consider enjoyable; our interest in what we like to do when it comes to spending what we consider a lot of money on things, it's almost like we're trying to bend each other to each other's will, like I want Mike to get over his fear of flying, so we can go and explore cities, and go to all these faraway destinations.

And he wants me to get over my fear of swimming, and being uncomfortable and not sturdy in certain places like a kayak, for example, or like he wants me to try and play these video games, so we can experience these things together because that's what we both want to do for enjoyment. We don't try to do that. We just try and force each other or get each other to bend to each other's will, versus trying to find enjoyable common ground.

Ramit Sethi: Mm-hmm. And does it work?

Tami: No.

Ramit Sethi: Okay. So, let's stop doing it, how about that?

Tami: Yeah.

Ramit Sethi: In life, life creates enough problems for us, I don't think we need to create our own. And I think you two have been through some tough medical challenges, you know that life creates its problems, you don't need to go looking for them. So, if something isn't working, what do you say we just stop doing it?

Tami: Yeah.

Ramit Sethi: It's quite freeing actually. That old approach we tried for the last 15 years doesn't work, hey, what do you say we just write it down, put it on the fridge, and put a big red X on it? And next time one of us is tempted to try it, because we're creatures of habit, we just point back at that thing, and say, "You know what", we make it a little fun, make a little joke, "You know what, I think we're going back to our old ways. What do you say we put another X on that fridge and not do this?"

Tami: Yeah.

Ramit Sethi: Right? We are free to rewrite our future. The two of you are so young, you're not even 40. You have a good income, and pretty good savings and investments, and I'm hearing a complete inability to dream about even picking up a snack for your husband. These are the costs of playing defense. At a certain point, you just stop trying for your partner. You guys see where this is heading, right? It's not a good place.

Mike: Yeah. I mean, we spend so much energy on being like, we don't have a shared vision, I have to convince the other person that my vision is the right vision, versus putting that same amount of energy into just trying what the other person wants to do and just being open to it. We're winning, it's like, but we've convinced ourselves we're losing.

Ramit Sethi: Yeah. Well, that's very insightful. Mike, I liked your observation that the two of you don't currently have a shared vision.

Tami: No. Yeah.

Ramit Sethi: And without a shared vision, you know what happens? Couples bicker over 10-dollar purchases.

Tami: That's exactly what it is, that's exactly what we do.

Ramit Sethi: And you spend the rest of your lives fighting over three-dollar questions. You're just playing defense. And in your case, you're putting the other person down to make yourself feel good. Each of you taking a victory lap two or three times a week at the other one's expense, so you're high, they're low, they're high, you're low, it becomes addictive, as we saw, right, Tami? Love that big smile of yours. I didn't love where it came from, but I saw it. And so, what if we worked on developing a shared vision right now?

Tami: Yeah, I would love that.

Ramit Sethi: Okay. You tell me, what does it look like? What is your rich life?

Tami: I think getting to that point of experiencing new things together, like Mike had said, like the enjoyment, like the joy of discovering new things together.

Ramit Sethi: Specifics.

Tami: Like traveling.

Ramit Sethi: Where?

Tami: I don't even know.

Ramit Sethi: Yeah, I know. Do you know why you don't know?

Tami: Why?

Ramit Sethi: If you don't know, ask Mike, get his help. You two are a team now. Ask him why you don't know how to answer the travel question.

Tami: Oh, why do I not know how to answer the travel question?

Mike: You're probably afraid of what I'm thinking while you answer it. I mean, you're probably like, "Well, he's already loading up the gun to shoot it down".

Ramit Sethi: Is that right, Tami?

Tami: Yeah, he hates traveling.

Ramit Sethi: Yeah, look at that. Look at that. And so many things just happened in that beautiful/horrible example. So, Tami, her dreams are extinguished like a match trying to light in the wind, never even getting a chance to ignite, extinguished. And they're extinguished because she already suspects the worst of Mike. Mike's going to tell me, "I hate traveling". Mike's going to tell me, "That costs too much". So, the two of you are playing a dance with each other, but it's not the kind of dance where you both come together, and you're intuitive, and everybody's moving to the music. No, it's the worst kind of dance, where you two are like magnets repelling each other, and it's just horrible to watch.

Tami: Yeah.

Ramit Sethi: Let's flip it. This is just a hypothetical. If you don't like anything you say, you could toss it out and ignore this weird Indian guy. Alright? Try it again. This time, we're going to assume the best of each other. Let's start this way. Tami, in this hypothetical scenario, I want you to tell me two amazing things about Mike. They can be true or you can make them up. Okay. Pick one about travel, and then one about whatever you want. Go ahead.

Tami: He works through his fears of flying, specifically.

Ramit Sethi: Great. What's the make the next great thing he does?

Tami: With travel?

Ramit Sethi: No, anything.

Tami: Oh, anything. He takes really good care of me.

Ramit Sethi: Love it. Now, Mike.

Mike: Tami pushes me to do things outside of my comfort zone that I love, even if I'm afraid upfront, and she also takes really good care of me and our son.

Ramit Sethi: Beautiful. Okay. Now, we're ready to talk about that rich life. Tami, what is your rich life?

Tami: Traveling and experiencing new things. One of the best trips that we ever went on was we did this Wisconsin up through the UP and back down trip, and we planned it together. And Mike took the logistics of it. And then, we looked at really like the beautiful type of outdoorsy-type things together, and like that was probably one of the best trips that we've ever been on.

Ramit Sethi: Where do you want to travel to in your rich life?

Tami: Just other places like that.

Ramit Sethi: You're so resistant to giving me specifics. Do you understand that a rich life is lived in specifics? Here, watch, and ask me what my rich life is.

Tami: Well, what's your rich life? I know what you're gonna say but go ahead.

Ramit Sethi: No, you don't know what I'm going to say. I like to eat, and I like to travel, and I like to look at some screens, and watch TV, and I like to breathe oxygen. Is that inspiring?

Tami: No.

Ramit Sethi: No, it fucking sucks. Do you understand? That is not inspiring.

Tami: Yeah, no.

Ramit Sethi: So, I'll laugh with you, but I'm going to push you until you answer my question. Not for me, for you. A rich life is lived in that vivid tapestry of personal details. That's why when I eat out if I see two appetizers I like, I order both of them. It's not because I have enough money, that's not the point. The point is, when I was a kid, I couldn't order appetizers, and now, I can. And so, it's a great joy to me to be able to do it. So, please, Tami, where would you like to travel to in your rich life?

Tami: I would like to take a road trip somewhere to like the western side of the United States to go through like some of the national parks and see-

Ramit Sethi: Which parks? Which states? Tell me.

Tami: Like the Grand Prism or like Antelope, like all of those big canyons and stuff that seems like outer space compared to like—or like a different planet compared to what we experience in the Midwest kind of a thing.

Ramit Sethi: Great.

Tami: Yeah, I would love to do that.

Ramit Sethi: How long are you going to take this road trip for?

Tami: Probably like a week or two.

Ramit Sethi: Fantastic.

Tami: Because I'm terrible with how long it takes to get anywhere.

Ramit Sethi: Me, too. That's fine. So, a couple of weeks, okay, great. And you're going to see these beautiful places. What's going to make this trip extraordinary?

Tami: Doing it with Mike, and just like walking, and hiking, and having him like bring his drone, and get amazing like footage and great pictures, and put together this amazing little like trip diary for us to always have, and creating that together, that is like awesome to do that together. We did that on our trip up north and that was so fun.

Ramit Sethi: Love it. Now, part of creating a rich life together is getting the other person involved. They don't always have to love it. They don't even always have to participate. Sometimes, my rich life stuff is just me. My wife has no interest in participating. That's perfectly fine. But, Tami, it sounds like Mike is going to be on this trip, right?

Tami: Yeah.

Ramit Sethi: Okay. So, why don't you ask him, and find a way to get him involved, it's not just you telling him what to do. Ask him something.

Tami: Yeah. I mean, would that be something that you would like to plan together? I have that giant list compiled, like looking through there to see if there's anything doable that we could put together, similar to like what we did with up north trip, and having you fly your drone, and get excited about those places.

Mike: Yeah, no, that would be amazing. I mean, I think that would open up a whole new world. I think we've traveled a lot in the Midwest, and I think that would be something we've never experienced together. Some of that stuff, I did a little bit by myself when I was younger with friends, but like I would love to experience that.

And if we can make it work with Rowan, I think that would be incredible, especially because we did a little more than I did, but I especially like staying in Michigan when I was younger for traveling, I never did cool stuff like that, so that would be pretty incredible. And I want to do that stuff with you, and I want to introduce that stuff and normalize that stuff for Rowan.

Ramit Sethi: That's awesome. You two as parents are giving Rowan a bigger perspective on the world, that there's a life outside of your city, and there are different ways to live.

Tami: Yeah, that's what we want. I think we both have that shared vision.

Mike: I would love to see us set plans to go to downtown Detroit to go ice skating at Campus Martius, and we never have tried skiing or anything. Like maybe we try to go to Boyne Mountain, where we went in the summer when it was warm, and we were like, oh, my gosh, this would be so pretty in the winter. And even if we don't ski, we sit outside at a bonfire pit while it's snowing, and Rowan's all bundled up and running around.

Ramit Sethi: I love it. Okay. Such a beautiful example, and actually, the first example I've seen of the two of you doing teamwork. That was impressive. I noticed, Tami, that when you were forthright with what you wanted, something magical happened, and that was that Mike started building on it. And then, Tami, you started building on it even more. And the two of you, as Mike put it, it was inevitable, that you ended up at this beautiful place.

And the two of you both have a smile on your face, which looks amazing. That's the kind of positive smile I want to see. Now, I understand that that was just one example. I understand that I was guiding it along. I get it. But I can tell you that for the amount of income you make, and for the amount you have saved and invested, that's quite a modest dream.

Tami: Oh, it seems like it's not.

Ramit Sethi: You have \$156,000 invested, you make \$135,000 a year, and you've got about 13,000 bucks in savings, hearing those numbers, what do you think about a 3,000-dollar trip?

Mike: Seems like a small number compared to the rest of the numbers. I think our lack of shared vision and our kind of competition on who's going to win, we're spending more than that, more than that trip, probably like bi-monthly, just investing in our shit versus our shared vision.

Ramit Sethi: Yes, that's it. Yes, this is it. You two are so good. So, all these arguments about Reese's Pieces, and kayaks, and the reason that you two fight so much is that to each of you, you're picking a battleground. You're in the corner, each of you is a boxer, and there is nothing in the center for you to come and shake hands about. It's, I'm getting my kayak, or she's getting Reese's Pieces or Target, and we don't have anything together, so I better get mine.

Mike: Right.

Tami: Oh, God. Yeah.

Ramit Sethi: There's no way she's going to get hers. Sound familiar, Tami?

Tami: Yeah, that's it, I think. Yeah.

Ramit Sethi: Now, if you were to truly develop your rich life vision, what do you think would happen?

Tami: I mean, I think we would be way happier.

Mike: And I think if we can flip that script like I think it would make things that seem impossible possible. It's within our control, we're just letting it slip away.

Ramit Sethi: That's beautiful. I love that. And Tami, I love your reaction, too. See how you two build on each other when you talk about this rich life vision, it's so awesome. It's like true teamwork. So, I love that. Okay. Here's what I would like to say. I think that depending on your goals, I'd like to see your investments get up to 15, 20% of your gross income. That would be great. Not saying you have to be able to do that today, but the fact that you're in a low-cost-of-living area with a six-figure income means you two-

Tami: So crazy.

Ramit Sethi: Yeah, it's crazy to think about, you two could be putting away a considerable amount of money and building serious wealth. I'm talking millions or millions of dollars over time. What do you say about that, Tami?

Tami: Uh-huh. I think that's a bit unrealistic, but-

Ramit Sethi: Really, is it? How come?

Tami: Because we are—I don't know. That's not our background at all.

Ramit Sethi: What background is that?

Tami: Like lower middle class, like growing up lower middle class, like I mean, that's just like—I don't know, it sounds crazy. It just seems unattainable.

Ramit Sethi: Yeah, you're talking like someone who grew up in the lower middle class.

Tami: Mm-hmm.

Ramit Sethi: Mm-hmm. Do you know how I know that? What are some of the clues you just gave me?

Tami: Unreal. Me saying it's unrealistic-

Ramit Sethi: Yeah, your face.

Tami: Oh, yeah.

Ramit Sethi: Tell me what your face did again.

Tami: Like unbelievable.

Ramit Sethi: Just complete disbelief. You know what your face looks like, you just ate one of those sour patch gummy bear things, right?

Tami: Yeah, no. Yeah.

Ramit Sethi: Yeah. And would you be prepared to be the kind of person who's a millionaire?

Tami: No, I don't think so.

Ramit Sethi: Why is that?

Tami: I mean, I don't even know what that is, like what that involves, what that looks like. I mean, I don't know, I just think of millionaires as like celebrities, and like creating their businesses, like Fortune 500-type people. Like I don't know.

Ramit Sethi: Well, I'm a millionaire, and what am I wearing right now?

Tami: I mean, yeah, you're in like a zip-up hoodie, but like how much is that zip-up hoodie? What brand is it?

Ramit Sethi: Okay. Touche.

Tami: Is that from Old Navy or is that Armani?

Ramit Sethi: Shit. You just turned my question against me. Okay. I'm not going to pursue this. You're too good at this. Alright. Good point. But here's what I'll tell you. In this calculation I ran for you, I only assumed that you were contributing 10% of your gross income to your investments. I did not assume any raises. If I assume that you're contributing 20% of your gross income, that is \$30,000—or a little over 20%, 30,000 bucks a year, by 32 years, you have nearly \$5 million. I just have one question, so my dream for you, my wish for you is that you go from playing defense to playing offense.

Offense means we're going to create a rich life vision. We're going to do it together. Being on offense is we're going to read *I Will Teach You To Be Rich*, the book, and we're going to do it together. Even if we don't understand everything, we're going to do it together. Okay. Offense means we are going to take one trip or one experience in the next 30 days just to show ourselves that we can. And most importantly, offense is not taking verbal jabs at each other, because you win in that moment, but you lose for the rest of your lives.

Podcast Episode 28: What if we divorce and I end up homeless like my mom?

Synopsis: Most people think if they earned 25-50% more, all their money problems would disappear. Katie and Shawn are a living example that that's not true.

They earn almost half a million dollars per year, so there is no reason they should be arguing over a \$600 Roomba. Their world is not in sync with their income.

So why does Katie obsessively penny-pinching and prepare for the worst? Let's just say it has nothing to do with wanting to retire early. Listen as I unearth her deep-rooted fears.

Podcast Transcript:

Ramit Sethi: Most people believe that once they have more money, they'll stop fighting about it, they'll stop being stressed about it. There's this idea that if you earn 25% more or 50% more, suddenly, all of your financial problems will disappear. I want to show you that that's not true. Your feelings about money are highly uncorrelated with how much money you have in the bank. On today's episode, you get to hear from a couple who are high earners, yet they still have tension around money.

Meet Katie and Shawn. She's 30. He's 32. And they're high earners. They make about \$460,000 a year together. The reason they came to me was an argument about a Roomba. They want to buy a second Roomba, and it's causing some tension. So, as you listen to today's episode, I want you to treat it like a crystal ball. Like I said, some of you believe that if you made \$10,000 more or \$50,000 more, suddenly, life would be a utopia. Katie and Shawn are a living example that that's not true.

This should be alarming to you. It should set off red flags and make you ask yourself, "Wait a second, if I keep telling myself that I just need to have a little more money, yet this couple has a ton of money and they still fight, what does that mean for me? What does it mean for us? And if merely having more money won't make me feel safer, or more generous, or happier, what am I supposed to do about it?" I'm Ramit Sethi, and this is I Will Teach You To Be Rich.

So, what was the fight yesterday about?

Shawn: I have the responsibility of vacuuming the house. We have a Roomba. It is the older model. It vacuums the house, I have to empty the bin maybe once, sometimes, twice, because we have two dogs and a cat, and there's just so much, and I'm just not able to get to it every day. And there is a new Roomba that has a reservoir, and we don't have to clean it out so often, maybe once a week, maybe every other week. And that, for me, I feel like it will save me a lot of time and she doesn't feel like that is a good purchase, a good return on investment.

Ramit Sethi: How much is this Roomba?

Shawn: \$600.

Katie: So, my perspective on the Roomba is we already have two perfectly working Rombas. One's upstairs, one's downstairs. The Roomba isn't something that I think we need just for the small feature of having a brand-new reservoir. Maybe if one was broken, then I would be open to getting another one, but because we already have two perfectly fine working ones, I don't think that we need it.

We also have a cleaner that comes every other week, so it's not like Shawn is the only person who cleans the house. Like I feel like I help clean. The responsibility of vacuuming isn't all on him. Maybe with the Roomba, like emptying it and that chore falls on him, but I just feel like other priorities in our lives would justify the cost of 600, \$700 that we would spend on the Roomba that we don't necessarily have yet.

Ramit Sethi: What else would be those priorities?

Katie: Well, I'm currently pregnant, so I'm looking at strollers, I'm looking at car seats, I'm looking at cribs, I'm looking at all the things that we would need to bring a baby into this world. The incremental benefit is not worth the \$700 to me.

Ramit Sethi: You think it's worth it to Shawn?

Katie: Yes, but I also don't think he thinks about the other things that are needed in our lives, because he relies on me heavily to take care of those things, everything else.

Ramit Sethi: Things like a stroller, is that what we're talking about?

Katie: Mm-hmm. Stroller, all those smaller things.

Ramit Sethi: If you buy this Roomba, are you not going to be able to afford a stroller?

Katie: No. I mean, well, yes, we would still be able to afford both things. I think we'll be able to afford everything else. I'm just thinking ahead, could that money be used somewhere else? Could we be saving it, or investing it, or using it for our child's 529 plan that I intend on opening? It doesn't alleviate the stress that I have when it comes to the other things that I'm thinking about or that I'm trying to plan for.

Ramit Sethi: Do you think your stress may have nothing to do with the Roomba?

Katie: I know that my stress has nothing to do with the Roomba.

Ramit Sethi: Then, how come you're so fixated on the Roomba?

Katie: Because that's what he's comfortable talking about. And so, I try to have him understand why I have a problem with the Roomba by kind of having it be a segue into the other things that I'm concerned and worried about.

Ramit Sethi: Did you catch that? Katie said, "I know that the real problem isn't the Roomba, but I use the Roomba to hint about what the real problem is, which, by the way, I don't know what the real problem is, and he doesn't know what the real problem is". Do you see the level of hinting and confusion in Katie's response? A lot of people listening to this are like, what is happening right now?

If we can afford the Roomba and I want another Roomba, I'm going to buy the Roomba. What's next? So, what is going on here? Well, there are lots of clues in Katie's response. This is not about the money. They can easily afford it. It's also not about the ROI. ROI is just a code word that highly educated people use to justify their emotions. Roombas don't provide an ROI. They are robots.

It's okay to buy something just because you want it. The higher your income is, the higher your net worth is, the more things you can buy just because you want them. Do you think the luxury hotels I stay at provide an ROI? No, they're just awesome. Katie wrote me a story in her application to be on this podcast that explains a little bit about why she's so focused on savings and why she's so concerned with early retirement.

Katie: We did a three-week trip to Southeast Asia. We were in Siem Reap, and everyone kind of knew that picturesque picture of Angkor Wat, the reflection over the water. To do that, you have to wake up at 4:00 AM, take a tuk-tuk, get to the temple, and then they let people in around 4:30, or 5:00 in the morning. And you kind of have to run to get a really good spot to see the reflection when the sun rises and everything. And we get there, and we're waiting for the sunrise, and hundreds of people are piling in. And I notice this little group of older people, probably in their 70s or 80s who do one of those like Globus Tours tour bus type of situations. And there was this little old lady, and at first, I smelt it, and she goes, "Oh, my God, I'm having diarrhea." And she had traveler's diarrhea at 5:30 AM at one of the most picturesque places in Cambodia, and I was just thinking to myself, like this poor little old lady was wearing white pants and wanting to see, basically, a once-in-a-lifetime opportunity, and she had to leave with a couple of her friends to get back to the bus, which walking there would take 30, 40 minutes.

She missed sunrise, which is probably one of the main reasons why she went on this highlight of Cambodia trip. And I just thought to myself, I never want to be in that situation where I'm 80 years old and missing one of the once-in-a-lifetime opportunities because of a medical emergency or because I chose to do a tour that was not as convenient as how I currently like to travel. And so, that kind of lit a fire under my belly, and I was like, I don't want to work until I'm like 65 and have to feel like I have to travel that way to see the world. Like I want to work hard now, and then retire when I'm young, 50, 55 ideally.

Ramit Sethi: Yeah. You wrote, "I don't want to shit myself at Angkor Wat when I'm 80, I want to retire at 50".

Katie: Yes, exactly.

Ramit Sethi: Now, when I first read that story in the application, it was not a story that I expected to read, but as I thought about Katie and her spending behavior, I realized, this story, while very evocative, might be how she justifies her behavior to herself, but I don't buy it. I don't think that it was this aha moment at Angkor Wat that caused her to realize that she needed to save more money.

The sort of spending behavior that she has ingrained, it's not something that happens from just one lightbulb moment. I wanted to help her see that she enjoys spending her money, so I did a little exercise with Katie. I asked her to point out something she'd bought just because she wanted it. And I've done this exercise before, usually, it's pretty easy to find something, and people laugh as they realize, yeah, actually, I can buy things that I like. Unfortunately, my exercise did not go as I expected it to.

What kind of cell phone do you have?

Katie: I have an iPhone.

Ramit Sethi: iPhone what?

Katie: 12.

Ramit Sethi: Well, it only has a minor increase on the previous camera and an incremental storage upgrade, if you compare the stats, it's not worth it.

Katie: Well, the last cellphone that I got before was five years old, so I mean-

Ramit Sethi: Well, I'm not sure you're getting the analogy here. I told you, your cellphone's not worth it. Do you think your cellphone is worth it?

Katie: For the cost, I mean, no.

Ramit Sethi: No, then why did you get it?

Katie: Because I know that I'm going to buy a new phone, and then I probably won't get another phone for another five years.

Ramit Sethi: Okay. Do you have any nice clothes or handbags?

Katie: Yes.

Ramit Sethi: What's an example of one?

Katie: I have a Gucci bag that I recently got for my birthday.

Ramit Sethi: Oh, very nice. Okay. Now, did you buy that or was it gifted to you?

Katie: Shawn bought it for me for my birthday.

Ramit Sethi: Okay. That's cool. What about when you buy with your own money, a clothing piece or handbag?

Katie: I can't think of an example where I've spent extravagantly on something just for myself of that caliber.

Ramit Sethi: Anything else? Not even clothes or handbags, anything? Look around you. What's in your life that's nice?

Katie: I have a cricket.

Ramit Sethi: What? What is that?

Katie: It's one of those things that you can cut vinyl or cut like materials with like, you can make the little signs, and stickers, and stuff.

Ramit Sethi: This is my worst nightmare. We can't go down this path. I can't talk about dioramas and stuff that gave me nightmares from school. Hey, just look at your headphones. What brand are those headphones?

Katie: They're Beats.

Ramit Sethi: Okay. That's a pretty nice pair of headphones. Did you buy that?

Katie: No, they were free.

Ramit Sethi: Do you buy anything? Do you spend your money on anything?

Katie: Yes, I feel like it's things that we need.

Ramit Sethi: So, it's interesting that you've mentioned this concept of we don't need the Roomba, I will agree with you, you don't need a third Roomba. Shawn, can you agree to that as well?

Shawn: I don't need it, no. I don't need it.

Ramit Sethi: Everybody agrees we don't need it. However, you didn't need the iPhone 12. Why did you get it?

Katie: Because I needed a new phone.

Ramit Sethi: Well, you could have gotten a cheaper phone, you could have gotten a flip phone, you could have gotten a used phone, why that?

Katie: Well, I had an Android before.

Ramit Sethi: You think it's okay to buy something just because you want it?

Katie: Yes, but I tend to want to shop around for it first, and then find the best deal for it.

Ramit Sethi: Why? What do you get out of that?

Katie: Like I could be using the difference on something else. So, if I could get three things that are supposed to total \$1,000, and I get it for \$700, then I have another \$300 to spend somewhere else that we need to spend the money.

Ramit Sethi: You need or maybe you want to spend the money on?

Katie: Need, like groceries, or car payment, or something like that.

Ramit Sethi: You talk as if you're scrimping and pinching or you're looking for how to cover the cost of the stroller, but you make almost half a million dollars a year. You notice that the words you use to describe your purchases are not in sync with your financial situation?

Katie: Yes, and I know why because we save roughly 45 to 50% of our income every year. And so, it does feel like we live paycheck to paycheck, and I don't like going into our savings account in order to pay for things that I don't feel like we need, like the Roomba.

Ramit Sethi: How did you grow up with money? Tell me about your upbringing.

Katie: I had a very weird upbringing with money. My dad had a lot of money. He made his money through real estate, investing in the stock market, and he married my mom and brought my mom over from the Philippines, I didn't see him financially taking care of my mom. He took care of us kids, and not to get into the weeds about what happened with my family, but by the time I got into college, my mom was essentially homeless and she wasn't taken care of.

And so, now, she works a minimum wage job and doesn't have any money saved for retirement. I'm very protective and very like, I'm the one that's taking care of her. And so, I saw this weird dynamic where one parent had a lot of money, and very frugal, and cheap, and then the other one, not a lot of money, and every dime that she had, it went to bringing her family and taking care of her family.

I kind of learned it was like every man for himself type of thing. And so, that's why I feel like I'm very strategic and I try to be very smart with money because I don't want to be in a situation where I'm—God forbid, Shawn, we get a divorce or whatever, and I'm in the same situation that my mother was, and I can't take care of myself. I have, I think, this horde mentality when it comes to money.

Ramit Sethi: There's a lot of context behind this haunting story. We need to take a second and talk about gender issues. Of the many women I've spoken to about money psychology, about 75% of them have the same primary fear, being left by their husbands in their 50s or 60s for a younger woman, being left with nothing. The visual here is a woman standing in the rain with her kids with nothing but a single bag on her back.

After hearing this 20 or 30 times when speaking to women in heterosexual relationships, I was like, "Is there a book that I missed reading? Is this a movie scene that everybody in America saw, except for me?" Even my wife had this fear. When we were discussing our prenup, this came up and it frustrated me because I had no intention of ever leaving her in the rain with no money.

And my response was to get mathematical, "Look at the spreadsheet, you can't have nothing". That did not work. That's one of the reasons I started this podcast. I wish I had known how to handle this specific fear, which so many people in so many other relationships have also encountered. Now, there are some historical reasons for this. Of the women who told me about this, many of them have a personal story or some distant relative who this happened to.

We should remember that in our lifetimes, many women are or were stay-at-home moms who were financially dependent on their husbands. So, there is some real context for this fear. In Katie's case, this is actually what happened, down to the exact example of her mom being left with no money, so Katie has every reason in the world to feel scared and nervous about money.

You can see this family history, this scarcity of money, and fear, and focus on what can go wrong, leaking out in so many things Katie says, how she doesn't buy anything unless it has an ROI, how she has a 50% savings rate. Even this entire argument about a Roomba, it's not about the Roomba, it's about a much deeper set of feelings and experiences with money.

Shawn, do you think that your and Katie's behavior is congruent with your financial situation?

Shawn: No, I think we can afford a Roomba. I think in the back of both our minds, and her mind more probably is the planning for early retirement, and I think that is a forcing function for us to look at money, and I guess not painting a picture, but then just have more scrutiny in how we spend our money.

Ramit Sethi: It is penny-pinching. It is penny-pinching to be—how many flights have you had about this Roomba? One, two, how many?

Katie: Four or five.

Ramit Sethi: Five fights over a 600-dollar expenditure. Do you realize it's a decimal rounding error for your net worth? It's a rounding error. Instead, you're so focused on this goal 20 years from now, and Katie, you, yourself, acknowledged you tend to be obsessive about money. Can I suggest that maybe early retirement for you has another reason? What does early retirement signify to you, Katie?

Katie: Hmm, that I made it.

Ramit Sethi: Mm-hmm. And what does that mean?

Katie: That I am the result of my mom's sacrifices and that I can be the American dream that she wanted. And I'm sure I'm already that for her, I have a good-paying job, and we make good money, but I want to be different than the situation that my mom had.

Ramit Sethi: You are different. Your mom never had a million dollars.

Katie: Yeah.

Ramit Sethi: Two of you do. I mean, you, yourself, make \$100,000, Katie. That's a lot of money.

Katie: It doesn't feel like a lot of money.

Ramit Sethi: Exactly my point. Can I suggest to you that your feelings will not change when you go through early retirement?

Katie: I can see that. I know that these feelings will follow me for a long time.

Ramit Sethi: Yeah. A lot of times, for people who choose early retirement, there's something much deeper behind it.

Katie: I think that early retirement signifies, "I have enough".

Ramit Sethi: Do you think that's possible?

Katie: Mm-hmm. Yes, but I think for me, where I might feel like I don't have enough and Shawn has enough is that I still don't see our money or the money that we have, and the numbers that are at the bottom of my net worth or our net worth, it's not mine, it's Shawn's because he makes more than 75% of the income.

Ramit Sethi: Notice this moment. We're seeing the pieces of the puzzle connect. This should be a huge aha moment for Katie, but she just did something really interesting. She skipped over the whole point. She said, "Yeah, that's possible", and then she instantly pivoted to another reason that she doesn't feel good about money. If it's not early retirement, it's seeing the money. If she sees their money, it'll be Shawn making more income. If they both make the same income, it'll be something else. People, especially highly educated people, are very good at making logical arguments, but this isn't a math problem. You can tell this isn't a math problem, because when I point out her income, and when she

realizes that, oh, it's probably not that, she unconsciously shifts the goalposts to another problem. Until Katie grapples with her money psychology, there's always going to be another reason to feel unsafe, but you can't just tell someone, "Got to master your money psychology", they're like, "Okay, Ramit, what the hell does that mean? What do I do?"

You have to get specific. You have to get actionable, and tactical. You have to connect what's going on deep down and what went on in their lives with the exact problem that they're talking about today. So, Katie mentioned that she doesn't see the numbers in their relationship. Interestingly, Katie also handles a lot of the planning and administration within their relationship, and she's mentioned this is draining to her, so she'll do a bunch of homework on something to buy, and then Shawn will just agree with her, which frustrates her. This is the final piece of the puzzle.

Katie: I'm exhausted about it. I would love for Shawn to take the initiative to research and investigate things that we need and kind of see how we would be able to afford those things, because if I'm doing it for all of—I have a laundry list of things that I feel like that we need and that I need to look into, and then I bring it to him, and he's like, okay, whatever, it doesn't sound like he cares.

Ramit Sethi: And because he doesn't care, what does that mean for you?

Katie: I mean, if I want to look down at the root cause, it's that he doesn't care about our lives and our future, that these things don't really mean that much to him, and then there's no point that I should be doing it.

Ramit Sethi: You two ever do the love languages test?

Katie: Yes.

Ramit Sethi: What are you, words of affirmation, Katie?

Katie: Yes.

Ramit Sethi: Yeah. And Shawn, acts of service, right?

Katie: Yes.

Ramit Sethi: Yeah. Alright. I mean, it's not like it's a secret, you both telegraph it from a mile away. That's fine. Guess what? My wife and I are the same in our relationship. Exactly.

Katie: I want to feel appreciated for the hard work that I put into everything from a stinking toaster to how we're going to retire at 50. There are varying levels of research that I go into each one, but ultimately, I just want to be thanked for the work that I do, do, because I appreciate that Shawn works so much and brings so much money in, but I don't want to feel like an assistant. I want to feel like a partner and I want to feel like we're on the same page.

Ramit Sethi: When you come to him saying, "This is what I think we should do", seems like he's answering in a way that makes sense to him. He's saying, "Okay, I trust you, you've made good judgments, sounds good to me", what would you want him to respond with?

Katie: I would want him to ask, "Oh, what made you want to come to this decision, or is there a YouTube video review that you saw?" Be a little bit more inquisitive about the things that I look into, because a lot of it, I find very interesting and it doesn't seem like there's any conversation about it. And so, I do all the hard work, and I put forth all the effort, and then he gets to reap the benefits of my hard work.

Ramit Sethi: What do you think about that now in retrospect?

Katie: That I need to be a lot more straightforward with him about what I want. He always says, "I'm not a mind reader". And so, I try to do better about communicating what I want and need from him. Sometimes, it works. Sometimes, it doesn't.

Ramit Sethi: That's awesome. That's awesome. I think this is just a great reminder to be upfront with your desires. Let's go a little bit deeper. How would you like to be appreciated? What exactly do you want Shawn to say to you when you come to him with this stroller spread?

Katie: Maybe some recognition of like, "Wow, this must have taken a lot of time to put all of this together. What features are you looking for? What's your favorite stroller? Which one did you pick, and why?"

Ramit Sethi: Oh, my God, this is too good. You know what, we just got to do this live on the spot. Okay. Katie, I know you have some secret spreadsheets that you haven't yet presented to Shawn, but you've been hiding them in your back pocket. Okay. What is it, a stroller, a coffee maker, what is it that you've been researching lately?

Katie: The car seat.

Ramit Sethi: Car seat. Katie, tell him what your recommendation is, and then, Shawn, you know what she's looking for. Go ahead.

Katie: I found a car seat that I think we should pick. It's the Nuna PIPA lite rx in the color timber.

Shawn: Wow, that sounds great, Katie. Did you do a lot of research on this?

Katie: Yes, I watched a lot of YouTube videos and read a lot of articles.

Shawn: Wow, that's great. I think that's a lot more investment than I have put into this, and appreciate the suggestion, and I trust your judgment. I think this sounds great. Do you want to show me more about the features that you saw?

Katie: Okay. I have a YouTube video that I think you would appreciate and like.

Shawn: Great, let's look at it together.

Ramit Sethi: Okay.

Katie: Okay.

Ramit Sethi: How did that feel?

Katie: Weirdly awkward.

Ramit Sethi: Yeah, it's a little contrived, I get it, but did you notice anything that happened differently in that scenario than how it would normally happen? What was it, Katie?

Katie: He talked a lot more.

Ramit Sethi: Wow. Shawn, you said like 10 words in that, that's more? Alright. We got a terse guy over here, but don't worry, I'm going to work with that. So, what? Normally, Katie, what would have happened?

Katie: He would have said, "Okay".

Ramit Sethi: That's not even a full word. It's two letters, O-K. But, Shawn, all jokes aside, why would you have only said okay in the past?

Shawn: I trust her judgment generally, so, yeah, she comes and says, "Actually, we need this. This is what we can afford and this is the best option for us", I agree with her and I think it's more efficient.

Ramit Sethi: Okay. I have to cut in here. Attention, all tech bros, also anyone in the fire community, basically any man, fucking listen to this part. A lot of you dorks are obsessed with efficiency, you love logic, show me the compound interest, and you wonder why it doesn't get the kind of responses you want. Here, Shawn is calmly explaining that he would normally listen to Katie present two months of work, 13 spreadsheets, and 14 ROI comparisons, all rolling up to a single recommendation for a car seat, and his normal response would be, "Okay". I love that when I asked him why, he goes, "I trust her judgment, I agree with her". To him, he's being logical. His response makes total sense.

But it's not working. Katie was so frustrated, she asked to talk to me on a three-hour podcast. Guys, you have to realize that efficiency is not always the best play to make. Yes, there's a time and a place for it, but if that's the only note you know how to play, especially with your romantic partner, then it can invisibly chip away at the bond in your relationship. My favorite part of this rant is that I'm screaming at all of you efficiency dorks, but deep down, I'm built the same way. I love this stuff, I love logic. I told my wife about our financial model, and how cool it is, I love it, but there's a fine line between being helpful and being destructive. Okay. Back to Shawn.

Shawn: And then, that she does do a lot of the research already, and in my mind, she may have wanted me to go and do more research, and for me, I don't feel that duplicate work would have been a good use of both of our times. But now, it seems like that wasn't what she wanted.

Ramit Sethi: Yeah. Shawn, when you hug your wife, or your parents, or your soon-to-be child, sometimes, it's not about how efficient the hug is, right? There are other issues at play. And listen, just like you, you like convenience, I like convenience. You like efficiency, I love efficiency. I'm always thinking about this stuff. But I also know that, sometimes, we have to play a different game, right? So, when we're talking to a loved one, a lot of times, it's like, okay, we can get through this quick, let's just jump to the meat. But sometimes, we have to soften it up, we have to ask a lot of questions, and it turns out that it's not about efficiency, but it's about effective communication. And I appreciate Shawn, you recognized that. Katie, I appreciate you being open about what you need. You told him exactly what you wanted him to say. Now, he knows. He didn't know this before, so that's pretty cool. When I was speaking to my wife, back then, my fiancee, about a prenup, we went through this long set of discussions about a prenup. At first, it was pretty easy, but then it got difficult. And I have to tell you something that drove me crazy, and that was this scarcity idea that, somehow, many women receive, but men never hear it, and that is that one day, when I'm an old lady, I might be kicked out on the street in the rain, having to take care of my children with one umbrella and a backpack, and that's it. Katie, did you ever receive that message?

Katie: Yeah, because my dad did exactly that.

Ramit Sethi: Yeah. And so, what are the consequences of that? How do you think that has affected your views on finance?

Katie: I plan our lives around not just taking care of us but then taking care of myself, too.

Ramit Sethi: You plan for the worst.

Katie: Mm-hmm. I think I saved too much.

Ramit Sethi: Mm-hmm. You probably do. Early retirement people typically do. Let me guess. Do you have a secret number where if something goes wrong, you know exactly how much you can walk out of this relationship with?

Katie: Yes.

Ramit Sethi: Mm-hmm. Ah, okay, what else do you do to plan for the worst?

Katie: I sacrifice some of the things that I want to save and invest.

Ramit Sethi: Like what?

Katie: For example, a few years ago, I wanted to buy this Craft Armoire thing, and it's like \$4,000, and it has all the bells and whistles, and it's like an organizational dream, and I saved all the money for me to buy it for myself, but instead of buying it, I ended up investing it, and I did a backdoor Roth contribution.

Ramit Sethi: Oh, my God. I know you thought that I was going to get on this call, and clap, and applaud that you did a backdoor IRA, that's so good. I mean, what? Do you want to turn 65 and you never got the Armoire thing?

Katie: I don't think I would remember the Armoire.

Ramit Sethi: So, what? It's not about that single purchase. It's about saying, "We work hard together, we save and invest a lot of money, but we're not going to put our lives on pause for 20 years so that we finally feel safe, because if we do that, we're not going to feel safe at all, we're not going to have the skills to spend our money, because we will be obsessed with saving more". Katie, how much money are you going to have in early retirement? I know you know this number off-hand, how much?

Katie: From my calculations, at the age of 50, about 12-and-a-half million dollars.

Ramit Sethi: Mm-hmm. Is that enough to feel safe?

Katie: Yes.

Ramit Sethi: No, you wouldn't. If you don't feel comfortable at \$500,000 a year and 1.2 million dollars of net worth, you're not going to feel comfortable at five, you're not going to feel comfortable at 10, you're not going to feel comfortable at 20. Twenty million dollars and you're still going to be making Excel spreadsheets and comparing features.

Katie: Shawn, what do you think the consequences are?

Shawn: I think we would argue more and I don't think we'll live as comfortably as we could.

Ramit Sethi: That's it? It doesn't sound so bad. "Oh, we won't live as comfortably as we could, boo-hoo." That's it? Shawn, it's got to be frustrating, man. You're making \$360,000 a year, you have about \$2 million of net worth now that I add in the real estate holdings, and your partner here is questioning you on a 600-dollar Roomba. It's got to be frustrating for you.

Shawn: When we met, I made less, and over the years, I've continued doing more, and the more I work, the harder I work, the more I make. It doesn't seem like we're progressing and—well, to be fair, we purchased a new home, but it doesn't feel like we've increased our standard of living proportionately. And so, sometimes, it makes me question why I work so hard and it makes me a little bit discouraged of all the time and effort I put to like try to finance our future and our lives.

Ramit Sethi: Do you ever tell Katie that?

Shawn: I don't think I told her that, no.

Ramit Sethi: Tell her right now, see what she says.

Shawn: Katie, you know I work hard, and I try to advance our careers, my career, and also yours, and it feels like the way that we go about our purchasing habits doesn't make me feel like I should continue to try so hard. It's very discouraging.

Katie: I hear you. I do encourage you to spend your money. For example-

Ramit Sethi: Katie, hold on. Do you notice how you're responding already?

Katie: Yes, I feel like we both tend to pick holes in each other's thought processes.

Ramit Sethi: Exactly. You're responding defensively and you're about to say, "Well, actually, I do, and for example, here's a long example proving that I'm right". I don't think that's what Shawn is going for. Shawn is opening up for maybe the first time on this. Can you repeat that, Katie, what you heard Shawn say to you?

Katie: That he works hard and that he doesn't reap any of the benefits from his hard work, is what I hear.

Ramit Sethi: And how does he feel about that?

Katie: Discouraged.

Ramit Sethi: Okay. So, keep going, really respond to him, think about how you asked him to respond to you and try to keep that in mind when you respond to him.

Katie: Shawn, I hear you, and I understand that you do work very hard, and I appreciate the hard work that you put into our relationship and all the sacrifices you make. I see the long hours, I see the things that you miss, and I want you to be able to enjoy your money and enjoy all the hard work that you have contributed to your career. And I don't want you to feel discouraged about everything that you do, because you do, do a lot for not only us, but also for our financial future, and I appreciate it because without you and everything that you've done, we would not be in the position we are, we wouldn't have the opportunities that we do have.

Shawn: Thank you, Katie. That means a lot. I think—sorry, it's hard. I know that you do appreciate me and I do know that you care, but you expressing the way you feel about what I do openly like right now, really kind of makes it more concrete to me.

Ramit Sethi: Okay. That was cool. I enjoyed watching that between the two of you. I want to point out a couple of things that I noticed in watching that. Would that be okay?

Katie: Mm-hmm.

Ramit Sethi: A couple of observations I can make. So, first off, Shawn, you started by saying something about, "I noticed that our standard of living hasn't increased", end sentence. Okay. Did you catch that? You just ended the sentence. And then, I said to you, what does that mean to you? How does it make you feel? And I could see you visually kind of, uh-oh, I need to talk about feelings, but you did an awesome job. You were in touch with your feelings, "It makes me feel discouraged". And when you said that, I don't think you saw Katie, you were so in your mind. I think when you talk about emotions, it takes up all of your cognition. But Katie looked alarmed, shocked, like she'd never heard you say that in your entire life. Katie, am I reading that right?

Katie: Yeah, exactly.

Ramit Sethi: Yeah. And so, Shawn, what I want to point out is that I get your communication style. I get it. I like efficiency, too. I didn't like to talk about my feelings. I'm still not naturally, I'm not going to sit here and talk about how I feel today, I'd rather talk about like compound interest, or let's go travel, or whatever. But, Shawn, do you see, she has a lot of feelings about money? The majority of her money attitudes and behaviors are drawn from this traumatic experience that she grew up watching. By not talking about your feelings, what do you think you're causing her to do?

Shawn: To guess what I'm feeling.

Ramit Sethi: Yeah. And when she guesses and comes to you and asks you a question, and then you go, okay, what does that cause her to do?

Shawn: It probably makes it seem like I don't care.

Ramit Sethi: Yeah. Think about how many Excel spreadsheets and how much she's calculating the prices of X, Y, and Z, which you should not be calculating at this level of wealth, what is that? Why is she doing that?

Shawn: Well, I think—yeah, why do you do that?

Katie: Why do I calculate everything down to the penny?

Shawn: Yeah.

Katie: Because it gives me a sense of control over the situation. And I can't control your emotions, I can't control how much you work, I can't control how you feel about the situation, but I know I can control the dollar amount in my spreadsheet.

Ramit Sethi: Control. Here's what might be going through Katie's mind, "My dad left my mom, I don't feel safe about money, but at least I can create 200 spreadsheets and calculate 30 different scenarios for our finances". And when Katie shows Shawn her calculations, and he looks at them, shrugs, and says okay, that doesn't get the response that Katie is looking for.

What Shawn doesn't realize what Katie doesn't even realize is that all this planning, spreadsheet creation, and counting pennies is about something much deeper than the car seat. It's about taking back control because she's afraid of what can go wrong. And even though she makes good money, and together, they make great money, she still has a very valid lifetime of reasons to be fearful. More control makes you feel?

Katie: Safe.

Ramit Sethi: Yeah. Do you see this cycle, Shawn? You don't talk about your emotions, whatsoever, right? She then says, "Well, you know what, to feel control, I'm going to go and create an even better spreadsheet and I'm going to compare 10 different things". And then, she comes to you again, and you go, "Yeah, sounds fine". And then, she goes, "I'm not getting anything from him, he's not contributing, he's not involved, he's not even asking me to watch the YouTube video. Deep down, I don't feel safe. I don't feel like we have a bond here. He's just saying okay, he doesn't care. If he cared, he would", what, Katie?

Katie: He would appreciate and see the value that I bring to the table when I do these things.

Ramit Sethi: Yeah, and how would he express that?

Katie: By sounding invested in what I'm doing.

Ramit Sethi: Yeah. So, he would say, "Oh, my God. Show me how you found that. That looks amazing." Shawn, have you ever responded to one of her Excel spreadsheets, or things like that?

Shawn: I don't show that much emotion.

Ramit Sethi: Exactly. And so, that causes her to feel even less safe. And so, she engages in these behaviors that are incongruent with your collective level of wealth. It's not like it's coming out of nowhere. She grew up watching this happen to her family, but, Shawn, the way she's perceiving your relationship, it's happening again. Okay. Notwithstanding the amount you have in your bank account, it doesn't matter. Honestly, you guys could have doubled the amount of money, you would be having the same conversation today.

Katie: And I think that that's all true and you helped us state it in so many more words than what we've been able to do by ourselves. I am happy that, at least, we've identified what it is. I don't know if I'll be able to break the cycle, but at least he understands where I'm coming from.

Ramit Sethi: How much do you think you need to retire at any age?

Katie: I don't know, five million.

Ramit Sethi: Okay. So, you could do nothing and you'll have five million, you could save zero dollars and you'll have five million dollars because it's compounding. You have 1.2 million dollars in the market, that's growing every year. So, if we run the calculations, that money compounded over 20 years turns into 4.6 million dollars, literally by adding zero. You're all retired, you just need a little time.

Shawn: Time to quit my job. I was kidding.

Katie: No, no, no, don't do that.

Shawn: I'm kidding.

Ramit Sethi: So, what does that tell you? I just hate for you to both be playing defense for the rest of your lives. You two came from your family history, you won the game, the game of careers, of money, you have a happy relationship, you have a baby on the way. I'm happy for you and I admire what you've accomplished. I hear you playing defense. What can go wrong? What will go wrong? How long until we can retire early?

What I would love to do is shift that to playing offense. I would like to introduce you to the concept of a worry-free number. A worry-free number is, "Below this number, we're just not going to worry about it. We may not even need to talk to each other about it. Let's just set a few simple rules in this relationship so we can eliminate most of the sources of our conflict." So, for example, Katie, if you go to the store and you want to buy a pack of gum, are you going to call Shawn and ask his permission for that?

Katie: No.

Ramit Sethi: No, it's a worry-free number, one or two bucks, no big deal. What should your worry-free number be in your relationship?

Katie: I don't know, \$300. Shawn?

Shawn: Five hundred.

Ramit Sethi: Whoa.

Katie: Why is it 500?

Shawn: It's closer to the Roomba. I think I don't have a concern if you want to buy something under \$500, you probably make the right decision, because you're safe, we're safe, and we can afford it. And I know that you'll never get to a point where you're going to spend more than we can afford and I want you to feel like you can enjoy the money we have.

Katie: Okay. Thank you.

Ramit Sethi: Shawn, that was one of the best answers I've ever heard. I could not have said that better myself. I love what you just did there. Expressive, and visionary. "I want you to spend on the things you love, you're safe". That was incredible. Katie, what do you take away from that?

Katie: That he heard me and that he understands how I feel about the feelings that I have around money, and not just my feelings, but when he repeats it back to me, it sounds like he understands.

Ramit Sethi: Yeah. That was awesome. So, I'm excited for the two of you. You came in here with questions about a 600-dollar Roomba, and do you now see that your rich life is so much bigger than a Roomba?

Shawn: Yeah.

Ramit Sethi: It's two million times bigger than a Roomba. And so, by focusing in this tiny little area over here, you're limiting yourself from the possibilities of a rich life, and I do mean rich. I think it would be a tragedy to go the rest of your life debating and agonizing over, I say three-dollar questions, in your case, a 600-dollar question is a three-dollar question.

And so, what I would dream for you, what I wish for you would be for you to acknowledge, "We did it, we won. Now, what do we get to do with our lives? Where do we want to go? Who do we want to see? How do we make it easy for ourselves, make it comfortable for us? How do we be insanely generous because we've accumulated incredible wealth? And you know what, how do we buy some stuff we just want?" If we do that, we live a truly rich life.

At the beginning of this episode, I challenged you to treat it like a crystal ball, to listen carefully to a couple that's earned a lot of money, and realize that they still have problems and tension around their finances and their communication. Now, you may never earn \$460,000 a year. That's not the point. The point is

that it's a fallacy to believe that one fine day when you earn more money, all your problems and stresses are going to disappear.

Podcast Episode 29: I never know when spending money on something will be an issue with him

Synopsis: Brad and Becca are in debt. Lots of it. Together they make \$105,000 a year, but Brad makes impulsive flash purchases on credit cards. There is no saving, no long-term plan—only short bursts of gratification.

This is not how you build a Rich Life. I want to get them out of this unsophisticated loop with money, but is Brad finally willing to listen?

Podcast Transcript:

Ramit Sethi: You cannot afford a 50,000-dollar car when you make \$115,000.

I got some great feedback from you that you wanted to hear more couples on my podcast with different incomes and different net worths, not just millionaires who aren't sure how to spend their money, and we listened. Today, I'm talking to Brad and Becca. They've been married for eight years and they have three children. Brad and Becca are in debt. They have a 290,000-dollar mortgage, a 35,000-dollar car loan, a 25,000-dollar RV loan, and around 10,000 bucks in credit card debt.

Brad is the primary earner, and Becca works part-time. Together, they make \$105,000, but Brad feels overwhelmed with their financial situation. His wife, Becca, has noticed how Brad behaves around money. He'll feel anxiety one day, and the next day, he'll convince himself it's all fine, and he'll go out and make a major purchase, often putting it on credit cards. In today's episode, you're going to hear me speak to someone who can't afford his lifestyle, this is a different type of conversation than you normally hear from me, but I believe it's important. I'm Ramit Sethi, and this is I Will Teach You To Be Rich.

Brad: Becca and I had a discussion just standing up in the kitchen for probably an hour-and-a-half, two hours about my feelings around money and how it affects our relationship. It usually comes up every few months. Typically, it's the same discussion, ends the same way where I'm going to try to work on my feelings around money, but this was the first time where Becca said, "If we don't get this fixed, this could have some long-term repercussions", and that's scary to hear.

We have a long relationship. We've been married for almost eight years. We dated a long time before that, so probably been together over half of our lives, and to hear that for the first time shook me to my core a little bit. So, we've always talked about it, but it's probably been the last in the last couple of years where we've noticed my emotions around money, how it affects Becca, and how it can spill into other areas of my life.

Ramit Sethi: What do you think changed two years ago for you to start talking about money more seriously, more negatively?

Brad: Having kids. We have three kids and they're all young. And once they got older to where we could start doing things with them, I started looking at things that I wanted to do, that we wanted to do with the kids, travel in particular. Take them places, Disney World, Grand Canyon, Europe. And that's when I started trying to address what we need to do to get to that point, and I think that's when I started seeing more of how I struggle with money emotionally, mentally, that type of thing.

Becca: I won't say that he mismanages, but he manages, manages, manages, and he feels good, feels good, he feels good, and then he panics, and he goes off the rails, and he's constantly, "We don't have it for that. We can't do that. We can't do this." But then, a couple of days later, it's like he's back on the horse again and he's ready to just live life. And so, it's a roller coaster, which is a little bit hard to keep up with, and you never know when you're spending money and it's going to become an issue.

Brad: And I just need help dealing with the internal feelings that I have, because I know that it does bleed over. If I have a day where I'm stressed about money, no matter how hard I try, there's just something about my aura or the demeanor when I walk into the door that's, "Oh, he's probably worried about money", and it's not good. And I hate that. I like to leave work at the door and I wish I could leave this at the door to enjoy the limited time that I do have with our kids.

Becca: He just goes far into the, we can't, we don't, and the negative side of it. But then, he's like, "I want to get a new TV", and then we end up with a new television. But last month, we didn't have the money for that new television, so where did it come from? And he's reframed it for himself.

Ramit Sethi: And what is the effect of this on you?

Becca: Oftentimes, I find myself making decisions on how I spend money based on his emotion, as opposed to, do I want it or do I want to do it? It's, how is Brad going to respond? And then, I end up not doing it or not buying it.

Ramit Sethi: Okay. Brad, what do you think about Becca's characterization? Is that true?

Brad: Yeah. I know for a fact that how I feel about money and how it can affect me prevents Becca from doing the things that she wants to do, living her rich life.

Ramit Sethi: I understand that you wanted to buy a shed. First of all, what is a shed? I have to ask. Listen, I lived in a high-rise in Manhattan. I just want to make sure I know what we're even talking about here. A shed, like where you put your tools in the backyard, is that what we're talking about?

Brad: Yeah, tools, toys.

Ramit Sethi: You put toys in the shed?

Brad: Yes.

Ramit Sethi: How many toys do you have?

Brad: Well, we have three kids. And even with the shed, probably half of the garage, because we have a garage that's filled with toys.

Ramit Sethi: Wait, wait, wait, wait. Okay. We're going to get back to the shed, and I know I'm going to hear from about 100,000 people who live in places where people have sheds making fun of me for not knowing what a shed is, I accept your criticism. You have so many toys for three young kids that it takes up half your garage and part of the shed. Did I hear that right?

Brad: You did, yes.

Becca: Yeah, but I'm sure it sounds worse than it is. I mean, you're talking like Power Wheels, the cars that little kids can drive. They are four and six.

Ramit Sethi: Okay. Listen. If you're going to write me to make fun of me for not knowing exactly what a shed is, screw it, I deserve it. But more importantly, what I was trying to do there was to get a sense of why he wanted a shed. I have a hunch from talking to lots of people who struggle with money, a lot of people who overspend also have a huge amount of stuff.

You walk into their house, and they have candles, they have piles of paper, they have three video game systems. It's just stuff everywhere. You rarely see that in households with much higher incomes. I was trying to find out if my suspicion was correct. Based on their answers, though, I can't say if my guess was right or wrong, but I'm making a mental note and I'm going to keep looking for clues.

So, you've got your garage, you've got your car, you decided you wanted a shed, and what was the conversation like? Did you say, we're going to Home Depot, we're going to buy one, or we're going to build one? Like how did this conversation start?

Brad: So, we have been having the conversation for years about, "We need a shed, we need a shed". And then, two years ago, we decided to just go ahead and do it, but we waited for a Lowe's promotional period. We have a Lowe's card from years ago, and so we bought the lumber and everything we needed to build the shed. I like to build things. My dad built things, so we stick-built them, we didn't buy a pre-made one, because they're cheap.

Ramit Sethi: How much does this lumber cost?

Brad: So, when everything is said and done, we'll be in it for 2,500. So, we didn't save up for it, we financed it as we discussed. And so, ever since I can remember having a job, I've always had a credit card. The last time I can remember ever saving for anything was when I was a kid and my parents told me if I wanted a TV, I needed to save for it, but once I was introduced to credit cards and found out I could get something now immediately and pay it off over time, that's been my go-to.

But then, when we have credit card debt that we already have to pay for, throw this on top, where, yeah, you can pay \$30 a month, but at the end of the promotional period, you've got to make some larger payments or you're going to be paying the interest, and then throw other promotional cards on top of that, suddenly, you're having to make significant credit card payments every month just so you pay it off in time. And that's where my anxiety kicks in, is that we can barely afford to buy the groceries that we need, put gas in the car because we've got these credit card bills that we need to pay.

Ramit Sethi: Ding, ding, ding. This is the second clue that tells you Brad is unsophisticated with money. The clue is Brad telling us that he puts purchases on his credit card instead of paying them in full. He even mentions using a 0% promotional period. This is a classic tell of people who are unsophisticated with money. Now, yeah, some people are very sophisticated, they can pay it all off, and they intentionally take the 0% promotional period for 12 months, and then they pay it off.

Why? Because they can make more money in the market, blah, blah, blah. But that's not how it's typically used. Typically, it's unsophisticated people who cannot afford what they're buying, and so they take these promotional periods and they think they're beating the system, but really, they're just gambling that they can figure out a way to pay off their credit card before the interest kicks in. It's a gimmick and they fell for it.

You want something, and then you don't get it for a long time, you think about it, ruminate about it, finally get it, and then you start to feel bad afterward.

Brad: I think so, yeah. When I first got a job after college, I couldn't decide on a floor mat for inside the door, because I just was overwhelmed, and didn't want to make the wrong decision.

Ramit Sethi: So, you're at the store, you're looking at the floor mat aisle at Target or wherever you see like 30 different floor mats, what goes through your head at that moment?

Brad: I just couldn't make a decision. And I think as silly as it seems, I was worried I'd make the wrong decision.

Ramit Sethi: Why?

Brad: It wasn't 30, it was two. It was, do you like this one or this one?

Ramit Sethi: Why were you worried about making the wrong decision? What does wrong mean to you?

Brad: I didn't choose the optimum, I didn't pick the best.

Ramit Sethi: If you had made a better decision, that would have meant what?

Brad: That I didn't make a mistake.

Ramit Sethi: And what kind of person makes a mistake?

Brad: Unintelligent.

Ramit Sethi: Now, when I say Brad is unsophisticated with money, I'm not judging him, I'm being descriptive, not prescriptive. Brad isn't sophisticated with money. That's fine. We all start somewhere. I'm not sophisticated in cooking French food. Okay. No judgment. It just is what it is. But what's strange is that until recently, Becca had been handling their finances. Later in our conversation, it turns out that she works part-time as a bookkeeper. In other words, she is sophisticated with money, and she was doing a pretty good job, but at a certain point, she handed that job over to Brad, and then things got worse. I'm confused, Becca because you were doing this, you understood it, you were handling it, and then you handed over the budget to him. How come?

Becca: Because of the emotional—it was causing arguments by him not being as involved, which the better thing, hindsight, is just get him involved and show him, but it just was leading to arguments. Every time we talked about money, it led to arguments, so I said, "Fine, then you do the budget and you'll see that it's going okay". He didn't understand, his brain works differently.

Ramit Sethi: Okay. So, your response is like, I'm tired of fighting, you do it. You shoved it over to him, and let me guess, you didn't get the reaction you thought, you didn't get the outcome you wanted.

Becca: No, I did not. He didn't take it. He just-

Ramit Sethi: Yeah, what a surprise.

Becca: Yeah, he still used that checking account as the gauge of our success, and I'm like, "But look, tomorrow, if something came out early, it's okay, that's why we have a buffer in the checking account, that's why we have savings, and investments, and things like that".

Ramit Sethi: Yeah. Again, this stuff is not that complicated, but there has to be a foundation. Just shoving a spreadsheet at someone doesn't work as you learned.

Becca: It doesn't work. So, by him checking all the time in the wrong place, I was like, "I don't know what to tell you, the money's coming, it's there, it's not in the checking account right now, because that's not how I set it up. A checking account isn't a savings account, so money goes from there. It's not meant to have thousands and thousands of dollars in it. It's meant to have what you're paying for."

Ramit Sethi: I get it.

Becca: So, when he was using that as his gauge, I'm like, "I don't know what to tell you".

Ramit Sethi: I get it. It's driving me insane to even imagine these conversations. If it were me, I have all these flows and stuff, and if somebody was pinging me every four days, saying, "Why isn't this here?" I'm like, "Do you understand how sophisticated my flows are? Look at the model that I built. It's all there." Of course, that's not very productive. I get it. So, Brad, do you understand the concept, like if—well, you have kids? So, let's say that your baby isn't crawling at six months exactly, and I came up to you and I go, "When is she going to crawl? When is she going to crawl? It's six months. It's six months in one day", how do you think you would feel if I did that every four days?

Brad: It would get annoying. We've experienced that. We have a niece who's very close in age by only a few days off from one of our kids, and we were always getting that comparison sometimes.

Ramit Sethi: Yeah, it's annoying, and it makes you defensive. And also, what does it matter if it's six months in one day or seven months? Eventually, the baby's going to crawl. So, Brad, you got this spreadsheet from Becca, and let me take a wild guess at how many times you opened that spreadsheet after she sent it to you, is the number zero?

Becca: Without looking at the one that I sent, he created his own.

Ramit Sethi: Okay. That's interesting. And Brad, how come you did that? What was your thinking behind that?

Brad: In case I would think of something that she didn't. Ultimately, I compared the two, but I thought that I was more likely to think of something if I had nothing to go off. If I look at one that's been put together, I feel that there was a better chance that I would overlook something that maybe Becca overlooked, too.

Ramit Sethi: Like you can't trust somebody to mow your lawn and you can't trust your wife to build a spreadsheet. Any similarities?

Brad: It sounds like there is, but I trust my wife more than anybody in the world.

Ramit Sethi: I know you trust her. You trust her. She's your wife and she's the mom of the children, but did you see what her face looked like when you were talking about how you built your model?

Brad: No, I didn't.

Ramit Sethi: Okay. Becca, you want to tell him?

Becca: It was a look of, "I'm sure you did build your model". It kind of undermines. It's undermining and it doesn't make you feel good that "Okay, well, I've been using this for months to keep a gauge on our finances, and then you can't even look at it, and you've got to build your own, so it just makes you feel like you don't trust me".

Ramit Sethi: What do you see, Brad?

Brad: Yeah. I see probably other areas where I may do that, where she may have a way of doing things, and rather than implement her way, I just do it on my own, starting from scratch.

Ramit Sethi: And what percentage of the way do you get when you implement it on your own?

Brad: 80%, maybe.

Ramit Sethi: Anybody else in your life that got 80% of the way there?

Brad: My dad.

Ramit Sethi: Mm-hmm. And then, it becomes one more item on your to-do list. How many credit cards do you have?

Brad: Probably around 10.

Ramit Sethi: That's yet another clue of how Brad and Becca, like so many of us, are not particularly sophisticated with money. Brad doesn't review his spending regularly. Together, they have a ton of credit cards. I bet I know what kind of cards they have.

Becca: There's not that many with balances on there, but he's also including store cards.

Ramit Sethi: Yeah, never get a store card. Remember what I said in my book? Don't ever get a store card. Let me guess. What do you have, a Gap or an Old Navy card as well? Which one?

Becca: That was me, but we haven't used that in...

Ramit Sethi: I knew it. Everybody who has a bad financial situation has a Gap or an Old Navy card. What else? Just tell me right now. Hold on, hold. I'm just going to guess. You have a gas credit card.

Brad: No, I don't.

Ramit Sethi: No. Okay. I stand corrected. And Amazon?

Brad: We do have an Amazon card.

Ramit Sethi: Oh, my God. That one's okay. What else?

Becca: It's paid off monthly. It's paid off monthly. It's just revolving.

Ramit Sethi: What else? What's the one you don't want to tell me about?

Brad: Best Buy.

Ramit Sethi: Oh, my God. What, did you save \$13 on some purchase like 10 years ago?

Brad: Well, I used to work there.

Ramit Sethi: That doesn't mean you have to get their credit card, but okay, what else do you have?

Brad: Lowe's.

Ramit Sethi: Yeah.

Brad: And then, I've had an American Express. That was the first credit card I've ever had. And I still have that. It's a Hilton card. I used to travel a lot for work, and I was able to charge for that and earn the points.

Ramit Sethi: How many points do you still have now?

Brad: We still have about—we just used them. I think we have about 150,000, but it was up to a million at one point.

Ramit Sethi: Yeah. Well, that Hilton card is going bye-bye as well. Alright. So, you have a bunch of cards that you don't need to have. A lot of these cards aren't even that good of cards. So, we're going to X those real quick. But what else do we need to do, because you're papering over the real issues here? Yeah, we'll get the credit card debt taken care of, you'll close these horrible cards, but what's going to happen two months from now when we're not talking, and you're sitting there saying, "Oh, my God, I need to repair the fence and it's going to cost me six grand", and on, and on, and on? What do you think is going to happen?

Brad: Put it on a card again.

Ramit Sethi: Yeah, and why? It's not just the fact that you have credit cards, you're going to have credit cards. What is it?

Brad: I get it now, I don't have to wait for it.

Becca: Immediate gratification.

Brad: What is the benefit of waiting for something to pay for it in full when you can get it now and pay the same amount in the end? Now, I know the answer.

Ramit Sethi: What is it?

Brad: Not having the anxiety. If we saved up the cash and we paid for the shed in cash, I wouldn't have that guilt or the anxiety around paying it off years later.

Ramit Sethi: But, is there a but here?

Brad: I don't think there's a but there.

Ramit Sethi: Then, why didn't you do it?

Brad: Because we didn't have the money.

Ramit Sethi: That's why you save up for it.

Brad: We weren't saving.

Ramit Sethi: Yes, bingo.

Brad: I think I feel like I was held to a pretty high standard. I'm the oldest and I didn't want to disappoint anyone.

Ramit Sethi: How many kids are in your family?

Brad: I'm one of three.

Ramit Sethi: Okay. So, when you say held to a higher standard, tell me about that.

Brad: I think that, and it was probably just something that I projected that just because I was the oldest and had the most years compared to my siblings, I was just expected to be better. I don't think that was intentional. My parents were great, so it's not something that they did, but I just felt like if I screwed up, it was a big deal. Both of my brothers got their first TV given to them, didn't have to work for it. That was one of the first things, probably the last thing that I think I ever saved up for, because it was, "If you want this, you need to save up for it".

Ramit Sethi: The uncomfortable truth is that for millions and millions of people, they simply do not plan for anything financial, whatsoever. They simply don't save. If they see something they want, they buy it, and then they deal with it later. And you'll see this impulsivity in other parts of their lives as well. If they invest, which many of them don't, they'll impulsively buy hot stocks.

And in the instant it goes down, they'll sell it. I also have not been able to correlate this to other parts of their lives. Some people are excellent parents, which requires lots of long-term thinking. Some of them have healthy lifestyles, which require long-term thinking. But with money, for whatever reason, they're impulsive and short-term-oriented. By contrast, I love speaking to people with a long-term focus on their finances.

They have a healthy savings account. They know what they're saving and what they're investing for. Some of them even have a 40-year time horizon, which allows them to accumulate serious wealth. If I asked them, would you ever buy something if you didn't have the money in the bank to pay for it, they just looked at me blankly. It's a different perspective on short-term versus long-term thinking. Back to Brad. There's a lot more to unpack here.

Brad: And I think Becca has helped me see that kind of continues that I'm held to a different standard.

Ramit Sethi: How so?

Brad: That I shouldn't make mistakes. I have a really hard time asking for help.

Ramit Sethi: Uh-huh. And can you connect that with your upbringing at all?

Brad: My dad, he did a lot of things around the house on his own, and he'd let us help out. I see that in myself. If we have stuff that we want done around the house, I'll say that I don't want to pay for it because I can do it for myself. Part of that is I have a hard time trusting people to do something well, even

something as simple as cutting the grass. But then, like the projects we have around that Becca's wanted is a deck, so she can go out back, and sit with our kids, and watch them play, and that's something that I'm hell-bent on doing myself, because I don't want to pay someone else to do it.

Ramit Sethi: What if your dad had said, "I want to put a shed in the back", and you said to him, "Why don't we just hire somebody to do it for us?", what would your dad have said?

Brad: I think he would have said, "I can do it myself", maybe that we couldn't afford it.

Ramit Sethi: Is that true? Could you have afforded something like that?

Brad: For me or my parents?

Ramit Sethi: For your parents.

Brad: I don't know. Something that Becca and I have talked about is that I have no idea where my parents stood financially. We went to dinner with them a couple of years ago, and my parents offered to pay, and we got the check, and my dad, you'd think the way he reacted to the check that it was a 500-dollar tab, and it was \$80. I remember them asking us as kids if we wanted to move to a bigger house or if we wanted to stay where we were.

So then, they met with an architect, they drew up these fantastic plans, the house is going to be awesome, they were getting a bedroom off the back of the house, we were excited. I can't remember how old I was. But then, I remember them saying that building material prices went up over a few months, and now, they couldn't afford what they wanted and that this was the best that they could do.

I remember my dad installed the insulation, so we wouldn't have to pay somebody to do that. He built the cabinets in the kitchen, so we wouldn't have to pay somebody to do that. And it's been probably 20 years, maybe 15, 20 years since they started the addition, and it's still not done. Another characteristic that I see is it's an 80-20 thing. For projects that my dad would work on, he'd get 80% of the way there, and then the last 20%, would either not get done or it would take a long time to get done.

Ramit Sethi: Yeah. And it's just one more thing on your massive to-do list, next to mowing the lawn and going to work, and on, and on, and on.

Brad: And we talk about paying people to do those things, but I feel trapped again. After all, well, we can't afford to pay somebody to finish this stuff, because we have these bills to pay, and now, we've got all these things that we want to do in the house, but we can't because we don't have the money for it.

Ramit Sethi: Yeah. I can understand you using the word trapped. It does feel like you're trapped. You've got this project that's 80% of the way done, you want to finish it, but the tools are expensive, you can't hire anybody else, and there's a massive other to-do list of other stuff that's important, too. And you mentioned, "Hey, I'm concerned about having enough to fill up the tank of gas", Brad, what state or general area do you live in?

Brad: So, we live East Coast, close to Virginia Beach.

Ramit Sethi: Okay. I'm just asking because sometimes, people pick up the financial values of the people around them. And I'm just curious about some of these decisions, like you've been in credit card debt for a long time, and I'm wondering, is that normal for the people in your community or the people around you?

Becca: I do feel like it's normalized in your family.

Brad: In my family, yes. I know for a fact that my siblings have credit card debt.

Ramit Sethi: This is very interesting. How do they talk about it?

Brad: Not the same way as me. It doesn't seem to stress them.

Becca: I mean, I don't ever really hear them talk about it negatively. It's just, yeah, I have it, I don't have any way to pay it off, but they don't have the emotional ties. Even if they can't pay it off, there's no stress around that, which I don't think is a good thing either.

Ramit Sethi: Another clue here, in many ways, debt is contagious. If your friends and family have credit card debt, you're more likely to have it, too. That's also for a variety of structural reasons by the way. It doesn't just mean that credit card debt is like someone's perfume that rubs off on you. But if you're surrounded by people who think credit card debt is normal, people who buy lots of stuff on incomes that can't support it, you might start to think it's normal, too. Now that I've heard the background, I'm going to start giving Brad and Becca some candid feedback.

So, this is not surprising. Do you both realize you're a product of your community and your upbringing? I'll just tell you point blank, while it may be statistically normal to have credit card debt in this country, it's not normal. Okay. In my opinion, it's not acceptable for somebody making \$115,000 to have credit card debt. There's no reason for it.

The fact that multiple people in your family have credit card debt, it's not surprising to me at all, because, in many ways, debt is contagious. The type of people who have debt surround themselves with others who have debt. Not saying debt is always a choice, a lot of times, it's just unforeseen circumstances, health care, student loans, et cetera, but the fact that we're talking about credit card debt, not student loan debt, credit card debt, is very revealing.

Becca: When it comes to money, I like to save and have a plan for the future, which doesn't include a lot of debt. That's just not how I operate.

Ramit Sethi: Brad, what are you prepared to do to change?

Brad: Anything. I would do anything.

Ramit Sethi: Okay. That's a good answer. Let's take a look at your debt. Student loans, \$600. Okay. Credit cards, 9,500 bucks. So, what do we have on there, the shed, what else?

Brad: The shed. Last year, we got a new TV and surround sound. That was something we got. There's probably a Disney World trip on there. It's a few years old. And I can't even remember what all the debt was.

Ramit Sethi: Okay. Let's keep going through the debt. You have an RV loan for \$25,000, auto loan, 35,000. What kind of car you have? Please don't tell me it's a Ford truck.

Brad: It is a truck, but it's not Ford.

Ramit Sethi: Fuck. I knew it. What kind of truck is it?

Brad: It's a Ram.

Ramit Sethi: Okay. And do you do work that involves you using a truck?

Brad: No.

Ramit Sethi: No, you don't. Of course.

Becca: We have to pull the RV, though.

Ramit Sethi: Oh, yeah, exactly. You need to spend a bunch of money on an RV, which then forces you to spend even more money to buy something that can pull that thing.

Brad: You're right.

Ramit Sethi: How much did this truck cost, by the way, the total price of the truck?

Becca: It was a good deal, but not good enough.

Brad: 50,000.

Becca: Yeah.

Ramit Sethi: \$50,000?

Brad: We got 10 for my trade-in.

Ramit Sethi: Okay. Another lesson from Ramit here, called Ramit's Fables tonight. Okay. I'm going to impart some directive wisdom. You cannot afford a \$50,000 car when you make \$115,000. Okay. You cannot. This is crazy to me. How did you decide how much money you could afford to spend on this truck when you bought it? Let me guess. Was it about the monthly payments?

Brad: Yeah, ultimately.

Ramit Sethi: Goddammit.

I got pretty heated right there, and I have to apologize to Brad and Becca. Sorry, guys, and I appreciate you sticking with me. Let me tell you why I got so mad, though. These are some of the biggest reasons that many of you stay stuck in your financial situation. You worry and you agonize over three-dollar coffees, and then you go out and take loans to buy a \$50,000 truck and an expensive trailer, plus the \$400 in gas it takes every month.

And the worst of it is you bought these things based on the monthly payment. Guys, you have to stop doing this shit. This is how unsophisticated people act with money. First, they buy things based on monthly payments. Never do this. Sophisticated people look at the total cost of ownership. If you buy a 50,000-dollar truck, but your payments are only \$350 a month, by the time you factor in all your interest and fees, that stupid truck might cost you 70, maybe \$80,000.

"Oh, but, Ramit, maybe it's their rich life, you're just a coastal elite, because you don't like trucks, you're coming down and judging other people." No, you can't just point at something you want, and then use my concept of a rich life to justify it, you have to be able to afford it. If you can't afford it, that's fine, save your money, use my Earnable program to earn more, and start investing, but you don't get to just wave your hands, repeat "rich life" three times, and then buy whatever you want.

No, I don't care if it's a truck, or a beach house, or even one of my self-development programs. And another thing, let's talk about these fucking trucks. Virtually, every person I talk to in financial trouble has a truck. Why is that? When I ask them, they always have these logical reasons. One guy I talked to said, "Well, I needed to get up these steep hills in the winter". I was like, "Dude, what are you telling me? Grandma can't get up there in her four-door Kia?" Then, they shift to something like, "Well, I need it for my trailer". No, you don't need a trailer.

Finally, they just admit, "I want a truck". And when I probe even more, why do you want a truck? They want a truck because everyone around them has a truck. It's fucking status. You guys spend all your time on social media mocking Louis Vuitton bags as stupid status items, yet all of you own these trucks. I looked it up. In 48 out of 50 states, a truck or SUV is the most popular purchase. Now, I have a lot of compassion for people spending, money dials, and invisible scripts, but I have zero sympathy for people who buy huge trucks or SUVs, and then get on social media to complain to Papa Government about gas prices. Take control of your life.

This is what I'm talking about when I say you have to change your entire worldview. Unsophisticated people buy cars for the monthly payment. Unsophisticated people buy things, saying, "Well, I can afford to have it for 12 months without paying interest". Unsophisticated people buy things and say, "I'm going to put it on credit, and then I'll figure it out later". No more of that.

Brad: That's exactly what I do, I'll figure it out later.

Ramit Sethi: Yeah. You're living an unsophisticated financial life, and then it's no surprise that you're stressed out. All the same, people who walk into the car dealer get swindled because they don't know any better by paying a month, "Oh, it's only 350 a month". Oh, they just didn't mention to you that it's 72 months of this, including a shitload of interest. I'm getting mad not at you, I'm getting mad because I hate seeing unsophisticated people taking advantage of me. I don't think you should have to be a master at personal finance to not get ripped off. It makes me angry to hear that you have been taught these things and I will say it makes me a little angry that you haven't taken responsibility for this, but you are now, which I respect.

Brad: I just don't see a way out.

Ramit Sethi: Lots of listeners ask me to feature couples in different financial situations, not just multimillionaires, and today, you got it. I'm very grateful that Brad and Becca are sharing their story with us, and I think for a lot of listeners, their situation is very relatable. Here's what we've heard so far. Brad is unsophisticated with money. And instead of learning, he alternates between ignoring the problem and obsessing over it.

Brad and Becca use all kinds of gimmicks, like 0% balance transfers, 10 credit cards, and car trade-ins. And if they keep going like this, it's pretty predictable where they'll end up, just like tens of millions of other Americans, they'll be in debt, treading water, and frustrated at being stuck. And finally, beyond the money, Brad and Becca are playing out parts of their upbringing.

Their invisible scripts are highly reflective of what they saw in childhood. In the second part of my conversation, you'll hear us put together a plan for Brad and Becca. You'll hear if they can commit to that plan and you'll hear about the particular struggles they face, which I think you'll instantly recognize in your own life. Coming up next week on I Will Teach You To Be Rich, part two of my conversation with Brad and Becca.

Podcast Episode 30: I want to change--but can I keep the truck?

Synopsis: It's time to create a plan of action for Brad and Becca's unsophisticated spending habits that we learned about in part one.

I want to get them away from the gimmicks of monthly payments and immediate gratification, and instead push them to carve out a Rich Life vision that goes beyond getting to zero debt. There will be resistance. The question is, will Brad be willing to lean into it, even if it's uncomfortable to hear?

Podcast Transcript:

Ramit Sethi: I'm Ramit Sethi, and welcome to I Will Teach You To Be Rich. We're back today with Brad and Becca from last week. This is part two of that conversation, and you just heard how we left things off in the last episode. Now, remember, Brad and Becca are not millionaires. I got a lot of feedback from you that you wanted to hear from different couples with different financial goals and different financial situations. So, Brad and Becca, as a quick refresher, have been married for eight years and they have three children. Brad is the primary earner with Becca working part-time, and together, they bring in \$105,000 a year.

But they have serious debt. They have a 290,000-dollar mortgage, a 35,000-dollar car loan, excuse me, a truck loan, a 25,000-dollar RV loan, and \$10,000 in credit card debt. Plainly, they're overspending, and instead of doing something about it, Brad alternates between being stressed out with money, and then going and buying whatever he wants. So, today, we're going to pick up where we left off last week and we're going to try to develop an actual plan for their finances. As you listen today, I think you will find a lot of their objections and a lot of what they go through very relatable. Let's do it.

Let's start with the debt, okay? The good news is you have a little bit of breathing room. That's the good news. The bad news is you think you have more breathing room than you do, and the way that you think about it is you're playing a lot of gimmicks with yourself. You're bullshitting yourself. When you don't have enough money, it doesn't matter if you purchase it one way or another, you're purchasing it. You can get an 18-month 0% card or you can buy it with cash, you still bought it. So, what does it matter how you purchased it?

Becca: Monthly payments.

Brad: Monthly payments.

Ramit Sethi: It's all moving money from here to there, and 0% interest, but we need to put it on our calendar, so we don't forget, it's all gimmicks. You're just stressing yourself out. Do you know what's better than all those gimmicks? Not having debt. How about that?

Brad: Yeah.

Ramit Sethi: And you know what's even better than that? Saving money aggressively for retirement, investments, and even for, yes, a new vacation. That's awesome. And then, you know what's the best is when you go on this vacation, you've already talked about it, you've built in a buffer, so you can stay an extra night, or you can have a nicer meal, or surprise your kids, and you don't have to stress, because you already built in that buffer. That's the best. Okay. But you're not thinking like that. That's more

sophisticated thinking. That's forward-looking thinking. What you're currently doing is all reactive thinking. Where do you want to go? What's the destination?

Brad: The destination is not having any debt.

Ramit Sethi: Okay. Debt-free, that's just getting to zero.

Brad: Yes.

Ramit Sethi: I like that, but let's be a little bit more ambitious. Nobody wakes up in the morning and says, yes, zero dollars. Let's dream bigger than that. Where do you want to get it?

Brad: I want to get to a place where we have the savings to pay for the things that we want, that we can plan trips with and without the kids, that we're able to do the things that we want around the house, potentially pay somebody else to do it so that it's done in a good amount of time.

Becca: Being debt-free, to be able to spend the money that we work hard for without having to agonize over it.

Ramit Sethi: Alright. Brad, look at your debt. What can you do about it?

Let me remind you about their debt. Student loans, 600 bucks. Credit cards, 9,500. RV loan, \$25,000. Auto loan, \$35,000. That's the truck. And mortgage, \$290,000.

Brad: We've made a plan to pay it off, so the first part is paying off the credit card debt that does have interest being charged to it.

Ramit Sethi: Okay. You're going to pay 9,500 bucks off before the end of the year.

Brad: Yes.

Ramit Sethi: Fine. What else?

Brad: Student loans will be paid off in a few months once I have to start paying them again. That \$600 has been sitting there since the beginning of 2020.

Ramit Sethi: Yeah. What else?

Brad: Start building savings for the things that we want by taking the money that we use to pay for credit cards and putting it in savings.

Ramit Sethi: Okay. What else?

Brad: I can't think past that.

Ramit Sethi: There's nothing else on this page that you could do?

Brad: Get rid of the truck?

Ramit Sethi: What would happen if you did that?

Brad: I'm not worried about getting rid of the truck, it's the RV that I'm worried about getting rid of.

Ramit Sethi: Because what?

Brad: Because I think for me to get rid of it, I would have to take a loss, financially. I don't think that we're going to be able to get what we owe on it even though it's only a year old, so that kind of feeds back into me feeling trapped because I feel like I can't get rid of this camper because we're going to lose even more money.

Ramit Sethi: So, instead, you want to keep paying \$25,000 just because-

Brad: Well, the kids like it. We do have a good time.

Ramit Sethi: Do the kids like that their parents are stressed out and arguing about money?

Brad: He just turned six.

Ramit Sethi: Six-year-olds are pretty smart. Becca, do you think that your six-year-old ever picks up on the stress?

Becca: He picks up on the tone of the house. That turns into arguing. In little kids, that turns into, "Mommy, I just love you. Daddy, I love you." And you can tell that he's picked up on something because he's not playing and joking anymore, he's turned serious, and needs to let us know that he loves us, and he wants to snuggle and do those types of things. I think that's his response to it.

Ramit Sethi: When I look at your numbers, my wish for you is that the two of you could provide an amazing, rich life for both of you and foster a way of teaching how to live a rich life for your kids. What a tragedy if your kids grow up and they repeat the same thing about, "Oh, I can't pay somebody to mow my lawn", so they're always playing small. You make over \$100,000 a year, that's a lot of money. And I'm not telling you, you have to go out and hire someone to mow your lawn. I'm not saying that. If anything, maybe you should do it yourself. Okay. But what I am saying is you've hitched yourself to so many things, an RV, and credit card debt, that you are forced to play small. I mean, the two of you are not talking about your rich life at all. It's just like, "I want to get to zero, I want to stop fighting about money, I just want the pain to stop".

Becca: That's what started our one-and-a-half, two-hour conversation, is I was like, "I want to live. I'm tired of not living. I want to go and do things, and I think we could go and do things, but I also want to enjoy them while I'm doing them. I don't want to, 'Should I order a glass of champagne or am I going to regret that later, because he's going to ask me why I ordered a glass of champagne?'"

Ramit Sethi: Yeah. And how did that conversation go? What happened after you said that?

Becca: It always goes well for like a week, and then kind of we're on a loop.

Ramit Sethi: Yeah, you spend. Do you know why that happens? Do you notice what you said? When you talked about your rich life, can you recite that back to me again? I don't, what was that?

Becca: I don't want to worry if he's going to ask me about it later.

Ramit Sethi: Your rich lives right now are all about what you don't want.

Becca: Yes, it's coming from a place of lacking.

Ramit Sethi: Exactly. You two have no vision. It's all about, I don't want this, I don't want you to argue, I don't want that. Of course, you're not going to stick with it, it sucks. There's no vision. It's just getting away from pain. And as he pointed out, when things become painful, Brad, what do you do?

Brad: I don't look.

Ramit Sethi: Exactly. Close your eyes and ignore it.

Becca: My rich life has looked different than his because I think he never really envisioned a future without credit card debt, and I've never really had credit card debt, so my future never included credit card debt, or really, debt in general. My rich life probably involved more travel, and more going and doing, whereas I think is a difference in upbringing, including televisions and nice cars. I will drive the same car into the ground, it does not bother me for people to look at me. I would rather take a trip to Europe, pay for it, and enjoy it while I'm there because I'm not worried about if I spend an extra dollar.

Ramit Sethi: What do you think about that, Brad?

Brad: I agree. I think that's what I want, too.

Ramit Sethi: You agree, but when I'm looking at the page, I see an expensive truck, an RV, debt. I see exactly what Becca just described.

This is a really important moment. You'll notice that in most of my podcast episodes, including this, I rarely tell people what to do. In this episode, until now, I've just been listening a lot. That's because if I told them exactly what to do, they would nod, they would say okay, and then about five days from now, they would start to completely ignore my advice. They have to come to the answer themselves. Not me, them. For that to happen, my job is to listen, to help them get out of their heads, to focus on the key issues, and then to help them come up with a solution.

Truthfully, I can't do it for them. I know the right mathematical answer, but the whole point of what I've been trying to share with you is that a rich life is more than math. If they decide to make zero changes, I'm fine with it. It's Brad and Becca's life, not mine. I can offer guidance. Occasionally, I can even suggest specific things. But ultimately, they have to want to make a change. This is self-development, and this is why it can be so hard, but also so rewarding.

Your spending tells your story and your spending tells me a very clear story, which is you are on a certain path. Option one, stay on the path, you can do it, it's your money. Option two, you can make minimal changes, you can try to chop off a little bit here and save fifty dollars there. You'll probably do okay. You'll save a little bit. My guess is it won't do much and you will continue being stressed out about it. Option three is you can make some radical changes and it will be difficult because it will shock you out of your current patterns.

And your first reaction will be, "I can't do that", but you actually can. And if you make those changes, you may allow yourself to have a clean slate and say, "What kind of life do we want to create going forward? We don't just want to get to zero. No, we have a bigger dream than zero. We want Europe. We want to get a glass of champagne. We want to be able to do these things without having to worry about it. And we also want to be prudent. We want to invest. We want to save. We want to put ourselves in a position where if something bad happens, we're okay." So, those are your three options. What do you want to do?

Brad: Option three.

Ramit Sethi: Okay. Great.

Brad: I think we've tried option two in ways, but cutting out the lattes doesn't do it. Well, I tried to save money by buying an espresso machine, because, hey, after 100 espressos or lattes, we're saving money.

Ramit Sethi: Yeah. How did that work?

Brad: It's nice because-

Becca: The lattes are good.

Brad: The lattes are good, I can have one whenever I want, but it didn't fix the problem.

Ramit Sethi: No, it didn't. Your checking account is still the same, isn't it?

Brad: It is.

Ramit Sethi: That's right. Brad, you're going to have to be proactive in this. When it comes to money, I don't know if you've been more passive in certain areas, but in every relationship, oftentimes, one person will take the lead on taking out the garbage or doing the dishes, or whatever, and the other person either doesn't do it or they just minimally help. I think, Brad, what you're hearing is you're going to need to take a proactive role in this, okay?

Brad: Yes.

Ramit Sethi: And you better think about what that looks like tangibly. I think you have the answer inside of you. I'm looking at your numbers. What do you think you need to do?

Brad: One thing that comes to mind is to look for a higher-paying job.

Ramit Sethi: Okay. How much could you get paid knowing the market right now?

Brad: Probably 50% more.

Ramit Sethi: 50%? So, you can go from 105 to 150?

Brad: Probably, if I moved to the private sector.

Ramit Sethi: That seems pretty good to me.

Brad: It does.

Ramit Sethi: So, alright. I'm putting a pin in that. That's a great solution. That would solve a lot of these financial challenges. Okay. How can you regularly do that, so that Becca would see that and feel good about your actions?

Brad: Show her that I'm looking for new jobs, that I'm applying for jobs, that I'm interviewing for jobs, talking to her about it.

Ramit Sethi: Great. Love it. Perfect. What else?

Brad: Look at areas where we could trim some of the fat.

Ramit Sethi: Well, let's look at it right now. It's in front of us. Go ahead.

Brad: Selling the truck and selling the camper.

Ramit Sethi: Okay. There is a good guideline for this called the 28/36 rule. I bet you never heard of this. This is a much more sophisticated rule. You can Google the Ramit 28/36 rule. What this says is you should spend less than 28% of your gross income on your housing and less than 36% on all of your debt combined. That means you can afford \$36,000 per year on total debt, mortgage, car, everything. I don't even want to see it that high. I want to see it lower because I want you to have some breathing room. Back-of-the-napkin math, I'm going to guess, if I were in your position, I would be thinking about like 25,000 bucks.

Brad: We should have never bought a new car. Would I like to one day? Maybe, but I know that it's not for us right now.

Ramit Sethi: Yeah, save for it. You can do it later. No big deal. But not today.

Brad: Alright. So, used, for sure. And maybe even a place where we get a truck that can still pull the camper so that that's not something we have to give up, too.

Ramit Sethi: Because what? Because if you had to give up the camper, what would that mean?

Brad: For me, it's what the kids enjoy. They love that camper. They love the trips that we take on it. We do have good times on it. And I think that if I didn't have the stress around the payments, I would enjoy it more, too. If we could have paid cash for it, and I didn't have to think about all the payments and the extra costs that you don't think about when you're buying it, I'd enjoy it more.

Ramit Sethi: Can I tell you a secret?

Brad: Yes.

Ramit Sethi: If you had all this stuff paid off right now, today, you would still be stressed out taking your next vacation.

Becca: Does that sound familiar, Brad?

Brad: Yeah.

Becca: That's been what I've been preaching to him. We can pay off the credit cards, we can pay off your truck, and we're still going to come back around to this because it's just how you're wired with money right now.

Ramit Sethi: Well, hold on. I agree with everything, except for that last part. When you tell somebody, that's how you're wired, what you're telling him is you're going to be like that forever, so you might as well give up, there's no way to change. And how do you think somebody receives that message?

Becca: Not the way intended.

Ramit Sethi: Yeah, exactly. If you said that to me, I'd be like, "Well, then screw it. Give me two campers, because I might as well have some fun if I'm always going to feel stressed, at least I'll have two campers."

Becca: That's not how it's intended. It's more intended that if we put in the work, we can get past the anxiety, but it's not going to come down to credit card debt and debt in general. There's more to it than that.

Brad: I think she's right. We talked about how even if we had a clean slate today, it's not likely that it's going to change the way I feel about it, feel about money. It is a fear of mine, but it's also a fear of Becca's because it's working so hard to get to zero, which is already depressing enough on its own, but then not feeling any weight lifted off your shoulders.

Ramit Sethi: You mentioned you used to play soccer, so you know what it's like to be an athlete. When you think back to playing, was soccer only about winning the game?

Brad: No.

Ramit Sethi: What was it about?

Brad: It was about playing the game, doing something that you loved.

Ramit Sethi: Yeah. And who did you play it with when you played soccer?

Brad: My teammates, my friends,

Ramit Sethi: You still remember those guys?

Brad: Oh, yes.

Ramit Sethi: Yeah. That's the joy of it, right? Looking back, and thinking about all your friends, and that one time you had to play in the rain, and everyone was getting muddy. Yeah, of course, it's nice to win, but sometimes, you just as well remember the times you lost, but you lost with your friends. Do you see that there's a similarity here? This idea of getting to zero, that's not the point. You can get to zero right now if you want. Cash-out some of your retirement and pay it off. I wouldn't do that, but you could if you wanted, but you're not going to feel any differently at zero. You're not even going to feel any differently when you have 100K, because you have more than \$100,000 in your investment accounts.

It's thinking about, "What do I want my experience along this journey to be? Do I want to be stressed? Do I want to always be thinking about what can go wrong? Staying on this small trajectory and being comfortable with having credit card debt or do I want to say, 'You know what, actually money can be fun'?" And, "Yeah, Becca, I do want to do champagne without having to worry about it, but you know what, Becca? Here's something I want to do for us that we never even talked about. This is what gets me going." Do you see the connection to when you used to play soccer?

Brad: I do. She tells me all the time, to stop and smell the roses. It's about the journey and not the destination.

Ramit Sethi: That's why I don't mind if you decide, "I want to mow the lawn". Great. If you want to do it, great. One day, when you can afford to pay somebody, if you decide not to do it, also be great. It's totally up to you. Do you want to build a shed? Great. Do you want to buy it? Also great. It doesn't matter to me. The point is that the two of you decide together and you decide with a vision in mind. So, let me give you an example of my rich life.

First of all, I'm not building a shed. Okay. In fact, in my rich life, I don't even have a hammer, because I don't want to build anything. Okay. That's my rich life. But I like to iron clothes, so I'll iron my clothes because I like it, and I'm good at it, and it's relaxing, right? Again, I could pay for somebody to do it, but fine. The point is not, should you hire somebody, or can you afford this or that? Yes, we do need to obey the numbers, we need to have a sense and competence around numbers, but more importantly, what do I enjoy?

Now, let's go back to your debt. What I notice is you are still playing in a small way. What I notice is you're looking for a way to get out of making tough decisions. Do you notice that, Brad? Okay. So, the things that I notice that are great, you're like, "I'm paying off the debt for credit cards, I have a plan. I'm paying

off the debt for my student loan, I have a plan." That's great. You did mention you could go down from one truck to another truck, but if we're realistic about it, how much would you pay for another truck that could pull your RV? How much would that truck cost?

Brad: It'd be tough to get something that's 25,000.

Ramit Sethi: How much would it cost?

Brad: Probably between 30 and 40.

Ramit Sethi: So, let's say 40. So, you're making zero change with your finances because you take a 50K truck, you sell it for 40, and now, you've got to buy a 40. If anything, you're going to spend \$2,000 more on all the licensing and whatever. Doesn't get you anywhere, does it?

Brad: No, a truck that I like less.

Ramit Sethi: Yeah, exactly. What a great insight. A truck that you like less, so now, every day you wake up, you go in this truck that you don't even like, and four or five times a year, you're pulling your RV, and you go, "Nothing changed in my bank account. This sucks. Ramit sucks. This life sucks. I hate this. I'm going back to the way it was because at least back then, I had a good truck." I don't want that for you. I want you to get to zero. I want you to get better than zero. And more importantly, I want you to feel really good along the way.

But feeling good doesn't always mean buying the things you want right now. You've nailed all the big options you have. "Okay. I would sell the truck because I would also sell the RV. So, if you don't have an RV, you don't need a truck. What kind of car would I get then?" Doesn't matter to me. Whatever's \$25,000 and works for your family. If you do that, you mention something really smart, the gas price goes down.

You have 400 bucks a month in gas. You start to see that when you buy things, they have their hidden costs that come along with it, and that's what traps you. Yeah. I did want to say one thing about the RV and the camping trips, because both of you expressed how you love taking the kids and going camping, and I anticipate that after this call, and in the coming weeks, as you discuss this and make a plan, it's predictable and inevitable that you will both face resistance.

Okay. Your minds and the dynamic in your relationship will want to bring you back to, "You know what, we don't need to do that, let's just make a couple of minor things, and we got the tax return coming, and it'll be fine." Okay. Again, it's up to you. Option one, two, or three, it's totally up to you. I will say this. I want you to think creatively. If I were in your position and I love taking my kids camping, I would just rent an RV for one of the kids' trips, and I would ask, "Which ones do you want to choose?"

Whatever. I would make it a whole fun thing so that they felt part of it, especially the older ones. They don't have to know that, "Oh, Mom and Dad are selling this thing, because financially, it doesn't make sense". The older one says, "Wow, I get to choose which one to get or I get to ride in a new one? That's so cool." This can be an opportunity for you to let go of the past way of looking at it. "We have to have our camper and truck to go camping", which costs over \$70,000 all in versus, "Let's rent this thing for 1,500 bucks, and we'll have a nice weekend, and give it back, and we don't have to do any maintenance on this". Done.

So, just remember, as you go forward in the next days and weeks, you're going to want—from deep down, you're not even going to know where it's coming from, you're going to want to not make big decisions. "We want a rich life. We want to be able to go to Europe", right? "And to do that tomorrow, here are the things we need to do today."

Brad: Alright.

Ramit Sethi: Alright?

Brad: Yeah, you're right. I mean, not even just from our children, but I know that we'll see resistance from the guys with the trucks.

Ramit Sethi: Totally. What are they going to say to you?

Becca: They'll pull at the heartstrings, "You're not going to do that for your kids, or our kids are there".

Brad: You're taking away time from the cousins.

Ramit Sethi: So, how are you going to respond to that?

Becca: I'll probably cry. No. I'll probably say, "Sorry, that's what we have to do", and then I'll go into the back room and cry.

Brad: It's tough because you want to give—I mean, that's what it is. If it was just Becca and I, I don't think we'd have any issues going and selling it tomorrow, but you don't want to disappoint kids in that way, especially if it's something that they love. You're exactly right. I think we both like owning our things, but why not rent one for two months payment on just the truck alone?

Ramit Sethi: Remember, your kids have no concept of ownership. They don't care. All they care about is being able to go do something cool with mom and dad. And it literally could be playing on a rock in a park. And of course, it could be going with their cousins once a year. What I would like to see you do is do these big moves first, stabilize, and then the two of you have a really pleasant conversation. You go, "Oh, my God. First of all, all of our debt is now paid off. Our student loans are gone. Our credit cards are gone. We have 10 to \$25,000 in our savings account, because of our tax return, because of additional cash flow every month from not having to pay off credit cards and all this gas", what are you going to do at that point? How would you feel if you had that conversation three months from now?

Brad: It would be incredible to start thinking about a rich life outside of getting to zero.

Ramit Sethi: Yeah, so uninspiring.

Brad: It is.

Ramit Sethi: Sometimes, the uninspiring stuff, you have to do it, but sometimes, if you can, you get through it as fast as possible, because on the other side of that is a truly joyful journey that you two can take together. So, paint a picture for me. Here you are, who is the one who brings up this topic to the other person three months from now?

Brad: Probably me.

Ramit Sethi: Mm-hmm. Why is that?

Brad: Because it's me showing Becca that I hear what she's saying, and then I'm making an effort to change that, to change the way I think about money, feel around money so that it's not negatively impacting her and how she lives her life.

Ramit Sethi: Beautiful. Brad, why don't you ask Becca how she would react to that conversation? See what she says.

Brad: Becca, how would you feel if I came to you in three months to show you the changes that I've made and that we've made together to improve our relationship moving forward?

Becca: I probably wouldn't know how to respond. I'd probably just giggle, laugh, and then say, "This is great."

Ramit Sethi: Okay. Talk about it. What is your rich life? Get specific, please.

Becca: So, my rich life includes tons of travel. But like this year, I guess my rich life would be even just little weekend getaways. I love going to the mountains and things like that together as a couple, and then also taking the kids hiking, going somewhere, and staying at like an Airbnb or something so that we can experience things.

Ramit Sethi: So, you want to go as a couple. How many couples trips do you want to take this year?

Becca: I would love to go on three or four. Doesn't have to be far.

Ramit Sethi: Is that realistic? You can do it, child care, all that stuff, you've done this before?

Becca: Yeah.

Ramit Sethi: Great. Now, for the kids' trips, you want to take the kids, too, for some separate trips. How many times a year?

Becca: I think it would depend on what the trips were. And I like to take them somewhere at least once a month. But as you said, it could be a day trip, it could be 20 minutes away, it could be an overnight trip, it could be a three-day trip, but just something. I'd like to go and do something that gives them an experience they wouldn't normally have.

Ramit Sethi: Yeah, I guess I'm not counting things like taking them to a park for the day because that's just a normal day-to-day thing. I'm talking about something that would cost money.

Becca: A couple of times a year would be good.

Ramit Sethi: Great. What else, Brad, is on your rich life for this year?

Brad: We've talked about going to Jamaica. Once our youngest hits a year, I want to fly to Jamaica. I'd like to look at business class and pay for a shuttle service, and I want to eat good food, spend time with friends, and not worry about how much anything is costing, because we saved up for it and it's all paid for already.

Ramit Sethi: Okay. So, how does your vision of Jamaica fit into Becca's vision with her trips?

Brad: I think that it could count as one of the four trips that we do together.

Ramit Sethi: What do you think about that, Becca?

Becca: Yeah.

Ramit Sethi: Yeah, sounds pretty good. Okay. That was a very positive experience, listening to the two of you smile, and share where you want to go and talk about, "Oh, let's take the kids here, but you know what, I want some time with you". I love that. Did you both feel the positivity in that conversation?

Becca: Yes.

Ramit Sethi: Yeah, it's very different to talk about what you want to do with your money positively, affirmatively, versus what you don't want to do. Isn't there a big difference?

Brad: Absolutely.

Becca: Yes.

Ramit Sethi: Right. So, all the things you said sound amazing. I have a lot of confidence that you will be able to do that rich life vision in maybe two to four years, but for you to do that, your income would need to be substantially higher and your savings would need to be substantially higher. So, that's okay. That's fine. I want to point out a pattern that I've seen, which is that if you try to do a whole bunch of stuff, it starts to trap you and the tail wags the dog. So, imagine if you were to go on these four trips and two trips, you'd be right back in debt. So, what's a better approach, in my opinion, is to do fewer things but make them special. Maybe it's not four trips, maybe it's one really special trip.

Becca: I think it's easy. I know what it would be for me. It would be, like you said, to save up for one large trip, we just have to decide if that is Jamaica for Brad's vision or if it's closer to home, but maybe just as long. It's doing the one trip, but it's also doing things that cost less, where we can still take the children and do things, but it can be things that cost less money. It could be a day at the park.

Ramit Sethi: Good. I like that. And you know what, when you have these one or two nice things per year, I have to tell you, when the two of you are on the same page and you start talking about it, you're pulling up pictures of the camping trip, or maybe it's Jamaica, you're talking about it, half the fun. At least half the fun is in talking about it and getting excited. "Oh, my gosh, the hotel has three pools". And then, when you get there, it's even better. So, my point is we don't have to always just inundate ourselves with stuff. You could go to Jamaica today. You could. We should be honest about it. We shouldn't lie and say, there's no way, you can't afford it—you can go if you want, put it on your credit card. Nobody's going to stop you. Deep down, if you're putting it on credit card debt, you cannot afford it. And you know what, it's okay to admit that you can't afford the lifestyle you want right now. To me, I find it great. There are things that I want, that I have a plan for, I'm saving for years, in some cases, decades, to get, and I love it. It's my soccer game for me. It's the joy of, setting an intention, I made a plan, I set up an automated savings or investment plan, and every month, I see that number going up. That's my joy. You know what, I don't even think you care about some of the things you think you do. "Ownership, do we need to own this RV, which means we need to own the truck, which means we need 400 bucks a month on gas? Maybe or maybe we can go to Jamaica instead and save 15% of our gross income every year." That sounds pretty good to me, too. Your cousins and relatives are going to say things, I like both of your responses, but I would like it even more if the two of you were unified, if the two of you look at each other, what would you say that shows you are a team? What would you say?

Becca: We have decided this is what's right for our family.

Ramit Sethi: Oh, so good. We, we've decided. Yes. How can you argue against that? You can't. "We'd love to see you, we're going to see you in October, but this is what we've decided for our family." You can do all these things, but it becomes exponentially better when you and Becca are aligned, where she feels like, "I got a teammate who I can trust".

Brad: I will admit, it's tough to hear you can do what you want, but not all of it. It's really difficult to accept the fact that as much as we do enjoy things like the RV, we can't afford it. It's hard to say. I've never felt like I couldn't afford what I wanted, which I guess is not true, because I'm always complaining that I can't afford things, but if I wanted something, we found a way to make it work, even if that meant going into debt, and that's not the right answer. To ever have that chance to be able to afford it, these are the things

that have to be done now. And by making some changes, we can get there. Two to four years sounds like a long time, but it's not.

Ramit Sethi: Oh, yeah. I couldn't have said it better myself. When you two are rowing in the same direction, you start going faster than you ever thought you could.

Wow. This was a fascinating episode because it describes tens of millions of people in America who are stuck. They're stuck with their finances, stuck in their socioeconomic status with nowhere to go except perhaps down. What's interesting, though, is if you think about these people, a lot of them still have a nice car, excuse me, a nice truck, a lot of them still take a nice vacation every so often, but they still feel trapped.

Of course, income plays a part, and structural expenses like housing and health care play an increasingly larger role, but there's also the stark reality that a lot of people just spend more than they can afford. And little by little, they surround themselves with so much stuff that they can hardly breathe. This is how they get stuck with the possibility of never increasing their socioeconomic status.

Think of all the clues we saw today. Brad takes a passive approach to his money. His parents did the same. He and his wife are surrounded by people who buy expensive trucks and are in debt, so they think it's normal. Brad and Becca don't talk about money proactively, only when there's a fight. They focus on monthly payments, not the total cost of ownership. And they use all kinds of financial gimmicks, like 0% transfers, instead of tackling the root cause.

Finally, and most importantly, they have no vision, no rich life vision, whatsoever. It's just buying stuff, and then worrying about it later. Guys, this is no way to live. A rich life is about more than getting to zero. And it's about more than buying some cool stuff for your house. It's about having something inspiring that tells you why you're working so hard. Where are you going? What do you both want to do together? What's this all for? Part of that rich life is being honest, honest with yourself, and honest with others. In this case, if you can't afford it, you don't buy it. I hope this has been eye-opening for you, I know it was for me.

Podcast Episode 31: Shopping at Target is like visiting a casino to me

Synopsis: Lindsey and John are stuck. Despite earning a joint income of \$150,000, John's debt is crippling their relationship and financial future. They respond by self-soothing. John runs on auto-pilot

avoidance strategies and refuses to be honest about his situation. Lindsey distracts herself with mindless spending sprees at Target.

But neither are working together on a sustainable solution. It's time to get honest.

Lindsey and John are unsophisticated with their income and spending. If they want to become confident with money, they must become competent first. That means no more excuses for inaction.

Let's see what that looks like for Lindsey and John.

Podcast Transcript:

Ramit Sethi: How do you handle money if you and your partner are on completely different pages? What if one of you earns more than the other? What if one of you has more debt than the other? And what if one of you simply refuses to make a plan about how to handle their debt? Well, today, I'd like you to meet John and Lindsey. And before we get started, I want to just admit that in today's episode, John talks over me a lot. The audio quality isn't particularly great, but I needed to post this episode because our conversation is so fascinating.

So, thank you in advance for being patient about the audio quality. Please trust me, because I believe it's worth it. Now, you'll notice that John was already combative about his financial situation. He emphasizes that he doesn't want to be a financial burden, but here are the facts. Lindsey and John are recently married. Both of them were previously married, and they have five kids between them from previous marriages. Together, they earn about \$150,000.

That's \$90,000 from Lindsey and \$60,000 from John. But John also has \$125,000 of debt, and half of his income goes to child support payments. This is a complicated situation. And Lindsey reached out to me because she recently started earning good money and she wants her lifestyle to reflect that, but she is frustrated because John won't make a plan to take care of his debt. Listen in as I figure out what's going on here. I'm Ramit Sethi, and this is I Will Teach You To Be Rich.

Lindsey: I was naive in my previous marriage and just kind of was—I was the stay-at-home-type mom and just every career move I made was for my three kids. And then, when I went through the divorce, I realized I couldn't count on him to support me. I want to take like an awesome vacation. I want to know, okay, so I'm making good money now, so what do I do with that? How do I set myself up to be able to take a trip with all of our five kids, or just John and I, and not have to worry about a dinner bill or taking the kids for an extra trip to bumper cars or something like that?

Ramit Sethi: Do you think you can do that right now?

Lindsey: I hope I can, but it would take a lot of planning.

Ramit Sethi: Why?

Lindsey: I guess I'm not setting myself up to set aside money, maybe, for that dream trip.

Ramit Sethi: If you wanted to, could you?

Lindsey: Yes.

Ramit Sethi: What's stopping you?

Lindsey: Anxiety like that we would overdo it, maybe, that I'd get myself in a financial—I would probably have to charge some of it. I don't have enough savings to bring us all to a vacation. So, if we were to plan a vacation, I would probably have to charge some of that, and that gives me stress about paying that off in the future. I want to do it and pay it upfront.

Ramit Sethi: Okay. John, what about you?

John: So, the money in our relationship, I would say, is, so now that we're coming together, it's like I don't want to be—I want to be an asset, I guess, I don't want to be a burden, as far as with like student debt and such. So, I don't know, I just want to make sure that I'm pulling my weight as far as that goes. I just want to make sure that we're equal, and as far as like when we merge accounts, I want to know how we're going to merge accounts.

Ramit Sethi: How much debt are you coming into the relationship with?

John: Probably 33 now in credit card debt and a hundred and something in student debt. It's crazy.

Ramit Sethi: A hundred and how much? 101 or 199.

John: I think it's 95,000, right? Something along those lines. Yeah.

Ramit Sethi: How do you feel about those numbers?

John: I feel super overwhelmed, and like out of like zero to 10, I'm like at 11 right now. Like I'm a super positive guy, but when I think about that shit lately, I'm just like, holy shit.

Lindsey: He acts like, "Oh, it's cool. I just want our kid—we're good, we're good", but it kills him inside to think that I'm going to help us get out of debt or that he's going to have to have a conversation with me—and let me finish, I love you, but that we've been putting this conversation off about how much of my paycheck or how much extra overtime do I need to work to help him get out of this debt? And we've had multiple conversations like, let's sit down tonight, let's have a conversation, show me your credit cards.

Ramit Sethi: This is so common. Couples talk about having a conversation, but they never actually do it. Even when we get on a call together, they're still talking about having a conversation. I'm like, let's have the conversation right now, I'll stay here all night, but they are stuck in a loop. They talk about talking because that's what they know how to do. It gets them nowhere. But most people would rather be stuck and comfortable than try something new, which is potentially risky. That's true in fitness, true in money, true in work, and true in relationships.

John: Right now, in my mind, I have my money and she has her money, and right now, I'm thinking, and she's doing great, which is great, and I'm doing great, too, but I'm also putting—so recently in May, my child's—jacked up like 250% and I just put it on the credit card, because I can't just go, sure, I have an extra 800 bucks a month.

Ramit Sethi: Hey, John, I don't think you're doing great.

You'll notice that 20 seconds ago, John said, "I'm doing great, too", but that is simply not true. John has a huge amount of debt. He can't afford his lifestyle. And as you're going to hear soon, his situation is even more complicated than he's let on. Part of living a rich life is being honest, honest with yourself, and honest with the people around you. And in John's case, he needs to acknowledge that he's not doing great.

This isn't me trying to make John feel bad. People tend to minimize their problems, "Well, I have a little debt, but at least I'm not as bad as her". And people will even send me an application for this podcast and they will tell me in the application, "This is a 10 out of 10", but as soon as they get on the call, the first thing they say is, "Well, it's not that bad". Guys, if you want to live a rich life, you have to acknowledge where you are.

Sometimes, if you're starting in your career, it means you're at the bottom. You might have to fetch coffee for other people. Fine, acknowledge it. Similarly, when you get to a great financial place, it's also important that you're honest about that. Remember, in a previous episode, I talked to multimillionaires who still comparison shop for strawberries. That's also not being honest with yourself.

So, for John, I just interrupted him to say, I don't think you're doing that great. It won't sink in for a while, because if you notice, he's running on autopilot, he's spinning, he's talking over me, and he's repeating the same issues over and over. Let's see if he can stop, take a breath, and get honest. The first step is to understand where the money is going. Now, together, they make pretty good money, even with John's child support payments. Where is the money going?

Lindsey: We spend our income. I love to make runs to Target. I love to have a subscription to my like Young Living and like a facial product. I mean, I can spend money very easily. We like to go out to dinner once a week. We took our kids snowboarding just the other day and got into an argument because I was worried about spending the extra thing, but we ended up doing it and having a great time. So, I mean, those are important, too. I want to be able to spend some money. I do have some money to be able to take the kids, all five of them, snowboarding. We have plenty of wiggle room between the two of our incomes to pay down some debt.

Ramit Sethi: What is the central question that both of you are trying to answer today?

John: How do we merge our incomes, our assets, and our debts so that we can achieve our short-term, mid-term, and long-term goals?

Lindsey: How do we merge our money to help John break down his debt so we can build up a financial cushion?

Ramit Sethi: Okay. So, this is interesting. First of all, both of you have different questions. That's pretty interesting. We're not even talking about the same question yet, which I suspected. Two, I noticed that both of you automatically jump to the conclusion that you both have to merge your finances.

John: I would say to live the level of like, oh, let's get a bottle of wine or let's go out to dinner, yeah, it does, because I'd be like, alright, because I'll be like, okay, you have the money, have fun, I'll be here because I don't, or whatever, which I'm fine with. I love staying home, but like I don't want to have a split life.

Lindsey: I think to live the life that we want to have, we need to start paying down some of the debt that John keeps accruing because when we talk about retirement or living a long life together, I want to get rid of some of that stuff so we can fresh start, kind of.

Ramit Sethi: Okay. John, what do you think about that? It seems like Lindsey is putting your debt higher than even you are.

John: I hate it so much. I hate it so much. It's not her problem, and it never should be.

Ramit Sethi: John, you're going, "I hate it, I don't want her to have to worry about my debt", but that doesn't make it go away. I mean, you have over \$100,000 of debt. You guys are married now.

John: So, I've been begging her to talk to me about it.

Ramit Sethi: Okay. Let's talk. Go ahead. Start the conversation.

Lindsey: I got Ramit here on the freaking Zoom, how much more can I clear, let's talk about it and try to figure it out-

Ramit Sethi: Yeah. Well, I'll tell you what, we're here, so why don't we talk about it right now?

Lindsey: I feel, John, we've made it this far. I married you with your debt, and maybe, Ramit, you can—breaking nuts and I should have signed a prenup or whatever, but I really could live in an RV retirement. Like it would feel good to me just to be debt-free to have something together, our kids healthy, and happy, and not have \$100,000 lying over your head. So, if that means I treat us both to dinner and I pay, great. If that means we say, "No, we're not going to go to dinner tonight, because we're going to hit-", whatever we need. I don't know what we need to do. That's what I want help with. How do we start tackling his debt together?

John: My debt together is a huge thing. That's a huge roadblock. It needs to get done. I don't know.

Ramit Sethi: I think, John, that you've been so uncomfortable talking about your debt that you have simply procrastinated on this conversation, but putting your head in the sand doesn't solve it. Number one, your debt just grows. Number two, your wife is like, "This is a real problem, we need to come up with an answer for it". Doesn't mean she has to pay your debt off, but the two of you need to talk about it and come up with a joint answer. Am I reading that correctly?

John: Yeah. And I have some solutions right now, if we could hear it.

Ramit Sethi: Please. Let's hear it.

John: Student loan, here we go. Student loan debt, currently, I'm with the Public Service Loan Forgiveness program. I have, according to the recent thing, like until three or four more years to do that, of consistent payments. As far as the credit card debt that I'm accruing, I don't know what to do about it, because I either have to spend less or make more, and I was, like I said, I kind of got it right at a little bit, but then in May, I got jacked up with like another \$800-plus a month that I had to just make up. So, I can't just make it up, so I had to shift things around and put seven, eight months of credit card of that on a credit card, not to mention when I got hit with divorce.

Ramit Sethi: Hey, John, I thought this was a solution.

I have to cut in here. This is one of the most common things that people do. People with problems love to talk about their problems. Let me say that again because it is so important. People with problems love to talk about their problems. I have people in my email newsletter who have been reading it for eight years, and they'll write me saying, "Ramit, I want to earn more money, but I don't have a business idea, what should I do?"

And I tell them to join my Earnable program. We've helped thousands of people. We show you how to find a profitable idea. We can help them. And they write back, "Well, that sounds good, but I don't have an idea, what should I do?" I write back, and then they disappear for a while. A year later, they wrote me, "Ramit, I like your emails, but I have this question, I want to earn money, but I don't have an idea, what should I do?" I currently have an email in my inbox right now from someone who's been emailing me since 2012, 10 years.

What a waste. People with problems love to talk about their problems. It feels comforting to rail against the world. It activates a part of your brain when you can complain and maybe get sympathy, but the only way to change is to shift from being problem-oriented to solution-oriented. Here's what that looks like. When someone comes to me and says, "Ramit, I want to earn more money and I'm willing to trust your system. I know you've helped tens of thousands of other people. What should I do?" That's a person who's ready for a solution. Until then, people with problems love to talk about their problems and they will stay stuck. Back to John.

Neither of the things you said are really good solutions. To move forward, we need to break things down step by step by step, and we need to be honest. I heard you a few minutes ago say, "Yeah, I'm fine. It's not that big of a deal." I'm like, John, you're not fine. You have over \$100,000 in debt and zero plan on how to solve it. Number one, John, the way it's currently going, you have no path to ever be out of debt. Your debt will just grow, not go down. Number two, you have a wife who's like, "Hey, I'll help, but I need a plan. We need to talk about this." And when the two of you talk, and I'm just speaking from your

perspective, because I haven't heard hers yet, it's just spinning, and spinning, and spinning, and spinning. I think the stakes are a lot higher than you think.

John: They're super high.

Ramit Sethi: What happens if you go on like this? What do you think will happen in five years or 10 years?

John: I don't want to think about that. Yeah. I mean, it won't be good, I mean, I understand that. I don't know what to do. I do not know what to do. I don't know what to do, man.

Ramit Sethi: Hey, John, I have a question for you. How come you haven't read my book yet?

John: I have read some of it.

Ramit Sethi: Okay. So, how come you haven't read my book yet?

John: Just getting buried, I feel like. I don't know. I'm not here to make excuses.

Ramit Sethi: It's not about that, and I'm not here to judge you for that. I don't mind if you read my book, or someone else's book, or totally something different. What I'm trying to show you is there are lots of solutions around, lots. They're even free. It's you, and we have to figure out what's going on with you that's preventing you from making a plan, and it starts with acknowledging reality. What's the situation here? How bad is it? And if we can't acknowledge that, then we can't move forward. Lindsey, what do you think?

Lindsey: I love you and I know we can do this, but it's like let's freaking do this with like one solid plan. Simple, not a million different ideas, one simple plan, and do it, and stick to it.

John: I feel like you're putting me on blast, because like right now, I've been trying to learn about this shit. I'm not the smartest guy. I'm an Earth science teacher. I learned about dirt, rocks, and weather, and slept in economics class, and whatever.

Ramit Sethi: This is the adult version of a common technique that children use to avoid doing work. Just try it. Try to get your son or your daughter to help you clean up. And what are they going to say? "Daddy, I'm not good at cleaning like you." Here, John says, "I'm not the smartest guy", to justify his behavior. He hasn't read a book on money. He hasn't sat down and made a plan. Deep down, he knows he can't justify why, so he falls back on the trope of I'm not the smartest guy. You know what's ironic? On Page 15 of my book, I write, "The single most important factor to getting rich is getting started, not being the smartest person in the room."

John: Now, I'm interested because like it's important and I'm trying to learn about it. I don't know, like why didn't we talk about this?

Lindsey: And I know, and I'm not trying to put you on blast, I don't know anything, either. I'm trying to learn. I'm not a pro either. Like I know we can do it together.

John: That's why we're here.

Lindsey: Do we need to do an Excel spreadsheet, like sit down and put the numbers out there? I mean, do we need to get an envelope? Like one of my neighbors did envelopes with money, like I just want an idea of what to do. I just want a plan.

Ramit Sethi: So, you can see that we're not even at the point to talk about Excel and all this stuff yet, because we're still circling and having the conversation. We've been on this call for almost an hour already, I don't even think we've had the conversation. I mean, hey, every relationship has its issues and challenges, and you both have a particularly complicated relationship. You have kids from prior relationships.

One of you has more debt than the other. And you have different earning power. So, this is quite a complex situation. Fine. But first of all, talk about, what are the stakes here. Like right now, even still, when you got on the call, it seemed like it was a four out of 10. Even now, I don't get the sense that there are that high stakes, because I haven't heard anyone talking about what could go wrong.

You still want to go snowboarding, you still want to eat out, you still want to take the kids on vacation. It's no surprise that no one is taking the first step in this dance, because why would you? You're both kind of living a pretty good life. You have a house. You have trips. You eat out. The debt, yeah, it's stressful, but it's invisible, isn't it? It's just some number on some computer somewhere. Tell me. What is your rich life when you think about it?

Lindsey: No anxiety when it comes to money, just feeling confident, and that energy that changes when the check comes to the table, or the kids asking for an extra treat or something like that at a movie theater, that there's not that like this is going to do us in a type of a feeling.

Ramit Sethi: Okay. I like that. Did you notice that your first answer to a rich life was no anxiety? In other words, it was the absence of bad feelings. That's not very inspirational to me, to anyone. Hey, what's your rich life? I want to stop this gaping wound on my arm. Okay. I mean, that's true, we should probably get a bandage on that thing. But that doesn't seem like a rich life, I just stop bleeding profusely. Do you have anything else for me?

Lindsey: Like I want to be able to pick up the check and feel good about it. I want to be able to go on vacation, get a massage, and not have any guilt that I'm doing that. I want to be able to, I don't even know, pay off his debt and feel proud about that, and have set ourselves up for a fun retirement, where we're traveling and not having that burden of money on our shoulders or something like that.

Ramit Sethi: You haven't thought about this much, have you?

Lindsey: Maybe not in enough detail.

Ramit Sethi: It's okay. That's why I'm here. And you have plenty of time to think about it. I'm just curious, when you have thought about money, what are the words that come to mind for you?

Lindsey: The scarcity, that there's not enough, you're going to spend it all, it's going to be gone.

Ramit Sethi: And tell me, when you walk into Target, what do you feel?

Lindsey: Like I'm in a casino.

Ramit Sethi: Yeah. Tell me more.

Lindsey: I lose track of everything that's like what's around me. It's a joke, I'll tell people that I just could go and drop \$300 if it's like a good deal. I don't think of anything. I don't think of that anxiety. That stress, that whatever, for some reason, poof, goes right out the window.

Ramit Sethi: We need to talk about Target. You've heard me say that your rich life is yours, not your parents, not mine, yours. And if your rich life is traveling around the USA in an RV or living in Manhattan,

great, but there's something you need to know. Target is not your rich life. It is rare that I come out and say something is categorically not a rich life, but I'm making an exception for Target. I hear too many people raving about Target.

It's almost all women, interestingly. There are Target memes, "Haha, I went to Target to spend \$50, and I walked out with \$300 worth of items. Haha." Is that your rich life, walking into a store and buying a bunch of bullshit? When I speak to these Target lovers and I ask them what they bought, they all shrug. This is what they do. Their first answer is, "Well, I bought clothes for the kids". That's code for, "I'm a good mother". Then, they quickly shrug and make a joke of it, "I don't even know. Haha."

A rich life is not walking into a consumer store that you've been fed propaganda to believe is a rich life, then buying a bunch of stuff that makes you feel good for two hours, going home, and forgetting about all of it. There's no meaning to it. It's just commodity junk. These very same people who rave about Target, when I ask them, what is your rich life, and I press them, Target is never in it.

Nobody wants to put a random store full of knickknacks as a part of their rich life, yet their behavior shows that that's exactly what they're doing. I would rather Lindsey said, "I'm going to shop at Target for my essentials, but I'm going to carve out a monthly massage for myself." That can be a rich life. But for everyone listening, especially the moms, Target cannot be your rich life. You can't minimize your dreams of shopping in a consumer store to buy a bunch of junk that you don't even remember three days later. Dream bigger. Life is more than shopping at Target.

Now, please, for all the moms out there getting ready to send me angry emails about how out of touch I am, I grew up in suburbia. I know every aisle of Target. My book is carried in Target. I know why it feels good. I also know that a lot of you laugh when I call someone out for buying a truck, but when I talk about Target, cuts a little close to home, doesn't it? Target is fine, you want to buy some supplies, you want to get some hot tamales, great, be my guest, but please, dream bigger. Target is not part of your rich life. You have so much more that you can do with your time and your money than Target. Now, let's listen as I push on this with Lindsey.

Lindsey: But then, like to do something like a massage or something I take more joy in, sitting on the beach and getting popsicles for all the kids, like that would cause me more anxiety than walking into Target, which is crazy.

Ramit Sethi: Why do you think that is?

Lindsey: Maybe because it's—I don't know, you tell me, you're the expert. I don't know. Why is that?

Ramit Sethi: What's your first memory of Target?

Lindsey: Honestly, this perfect Barbie that was the holiday one and wanting that Barbie.

Ramit Sethi: Did you ever get it?

Lindsey: Actually, yes. One of my good girlfriends, her mom, and dad, who were like, in my mind, rich bought that for me.

Ramit Sethi: Yeah. So, when you think back to being a kid and when you think about these stores, whether it was Target or Macy's, what are the feelings you get when you think back to them?

Lindsey: Just like how special those stores were. Yeah. And my kids, they're the same. They go into Walmart, which is, I don't want them to fall into this role, too, that it's like you go into Walmart or Target and it's like a casino. I don't want that. Like that's not living a rich life.

Ramit Sethi: Let me just read that back to you. You don't want them to walk into Target and think of it as a casino, even though that's exactly how Mom describes Target.

Lindsey: Yeah.

Ramit Sethi: Anything leap off the page to you there?

Lindsey: Yeah, I got to break that Target, I got to break that chain. I got to-

Ramit Sethi: Yeah. And by the way, why do you think that you feel so happy at Target, joyous, and yet you feel so much anxiety-

Lindsey: I feel like I can afford it.

Ramit Sethi: Yes, that's true, but you can afford a massage, too. Why do you feel so much anxiety about that?

Lindsey: I guess because I never grew up seeing that. It's easier for me to spend that \$300 at Target than it would be to spend that \$300 on a massage.

Ramit Sethi: Yeah. What type of people shop at Target?

Lindsey: People like me.

Ramit Sethi: Yeah. And what type of people get massages?

Lindsey: People that aren't rich, but in my mind, that are rich and that they have—yeah.

Ramit Sethi: Yeah, rich ladies, and you don't see yourself as one of those. Yeah. And final question on this Target thing, when you buy one, two, 300 bucks of stuff from Target, what is it that you're getting?

Lindsey: Instant gratification, I guess, but then once you leave, it's like, what did I just even buy? Did I even need that?

Ramit Sethi: So, you're getting sponges, clothes, cleaning supplies, and a cool new type of candy. What other kind of stuff are you getting?

Lindsey: Oh, it's for the kids or a Barbie. Most are Barbies or knickknacks, stuff around the house.

Ramit Sethi: So, you walk into Target, you lose all track of time and spending, how do you feel, again, when you're in Target? What's the word you would use to describe it?

Lindsey: Like a casino. Like I'm in a casino. I have no idea what time is around me.

Ramit Sethi: Lindsey, do you want to be going to Target as your leisure activity 10 years from now?

Lindsey: No. And like just having this conversation, there's a lot of leisure activities that I have that I don't need. I like online shopping. I spend time on Amazon. Like I mentioned in the beginning, I have like a lot of these accounts that are like subscriptions that really, like I just kind of get into the habit. I could take a deep dive into my everyday spending and save a lot of money that way.

Ramit Sethi: Do you have your phone with you right now?

Lindsey: Yes.

Ramit Sethi: Can you open up your email inbox? And as you do that, just read off, I don't need anybody's name, but I'm looking for companies, read off a few of the companies that are in your inbox right now.

Lindsey: Oh, Amazon Prime, OneHope, OneHope again, nursing things, a photographer that I like to use for family photos, which I don't want to give up, Amazon again, Amazon, Amazon Rentals, Amazon, Target, Target, just people trying to get me to purchase more things.

Ramit Sethi: Yeah. Why do you need this shit getting emailed to you; did you forget that target existed? You don't need Target saying, "Hey, by the way, we're down the street, we're still here". You don't need it. When you look at somebody who's financially sophisticated and you look in their inbox, do you think they are getting five emails a day from Amazon, Target, or Best Buy?

Lindsey: Yeah, no.

Ramit Sethi: No. They are not buying things that appear in front of their face. They are proactively saving for really nice things that are meaningful to them. By the way, nice things don't have to mean expensive. Nice things could be we're going to the park and we're going to have a barbecue with all the kids, but they're planning for it. They're visualizing it. They're talking about it. They're not simply spending money on just whatever's in front of them. Do you see the difference?

Lindsey: Mm-hmm.

Ramit Sethi: So many fascinating things in this conversation. Now, I've spoken to a lot of people who love Target, who laud Target, who put Target up there, and I've noticed some patterns. First off, it's common, it's not always the case, but, commonly, people who rave about Target are not especially sophisticated with money. Commonly, people who rave about Target have a lot of stuff lying around. And, commonly, people who love Target have an email inbox filled with consumer ads for other similar stores.

Now, please remember this. It's not that I have anything against Target, it's that this entire culture has fooled people into thinking that a consumer store of mostly commodity goods is their rich life. It's not. I'm sharing this with Lindsey not to berate her, but because I want her to dream bigger than buying some junk that makes her feel good for a few hours.

I want her to understand why she feels such an attachment to a retail store. And as you can see, it traces back to her childhood, which she's now passing on to her children. Worst of all, she's not even conscious about it. She's not being intentional about it. And Target isn't even meaningful to her. I want better for Lindsey, and I want better for her and John together.

John: What I'm happiest, it's like getting up early, doing something, like working out. I used to go to the gym at 5:30 in the morning every day and it was super expensive, but I just justified myself, I was like, that's worth it, it makes me so happy. Being able to have my clothes prepped, meals prepped, and ready to go, don't have to worry about that. Great vacations, doing things, working out, anything that I enjoy doing, or my kids enjoy doing, or my family, doing that together. Also, like in my rich life, I'm super interested in being more self-sufficient, so like the opposite of like, I don't need money like fuck your money, I can catch my fish, I can garden. Like I'm super earthy.

Ramit Sethi: I like that. So, I like your vision. It's very evocative to me. I can see you, waking up, working out, taking the kids fishing, going for a bike ride. Like I can see this, right? It's very clear to me. Have the two of you ever talked about this together? Like what do we see our lives being?

John: I feel like we've said things like that.

Ramit Sethi: That's great. So, you guys have talked about this. You're on the same page, roughly. Is that right?

John: Yeah. And I feel like in that regard, yeah.

Ramit Sethi: Great. So, you're on the same page with day-to-day. You're not on the same page with finances. Is that right?

Lindsey: Yeah, you're right. We're good with our day-to-day. And of course, we can tweak that. And we have lots of conversations about day-to-day tweaking. And that's fun and we love that, but let's talk about our retirement plan.

John: Yeah.

Ramit Sethi: Okay. So, what is the plan to pay off the debt? Let's talk about it right now. You have a total of \$125,000 in student loans together, mostly John's. You have \$33,000 in credit card, mostly John's, debt. And then, you've got this mortgage, which is yours, Lindsey. Okay. So, what is one approach to paying off the debt? I want each of you to give me one approach you could take to pay off this debt.

Lindsey: John and I could take out a personal loan and I could make the payments monthly to chop down that debt.

Ramit Sethi: So, his loan, he's not paying it at all anymore?

Lindsey: I don't think he's paying it now, so I would wish one of us would be.

Ramit Sethi: Okay. So, you're advocating you take over his loan.

Lindsey: I think that's what I need to do.

Ramit Sethi: Okay. Why is that?

Lindsey: Because I just feel like, right now, it's just accruing, getting larger and larger, and more and more in debt. So, if I just got that away from him and started paying that, well, I could clear it up. And as I'm saying this, I realize like this is a very big—I need to have some personal work on this, like it sounds—

Ramit Sethi: It sounds like, what does it sound like?

Lindsey: It sounds like I'm being the caretaker to John and the money.

Ramit Sethi: Yeah. Well, caretaker is a pretty positive word.

Lindsey: Yeah.

Ramit Sethi: Is it a positive thing?

Lindsey: I would think so, whatever I have to do to help us, I feel like that would be the right thing to do.

Ramit Sethi: Hold on. Let me just say this back to you, because I want you to hear this out loud. You got married less than a year ago, and you want to take over \$130,000 of debt and pay it off for your husband. How does that sound to you?

Lindsey: Not like a good idea.

Ramit Sethi: Keep going.

Lindsey: I'm a nice person.

Ramit Sethi: Yeah, you can nice yourself right into being bankrupt.

Lindsey: Right. Yeah. And then, becoming resentful over it, too.

Ramit Sethi: Look at John. He's a very capable guy. John's not your son. He's not a six-year-old. He's an earning, grown man. He doesn't need you to take over \$130,000 of loans. That sounds like a really bad idea.

Notice that Lindsey's first solution was for her to take over the loans. No. I had to step in and tell her that was a bad idea. Lindsey wanted to pay for \$130,000 of her husband's loans and they've only been married for a year. Think about the message that that sends. Notice also that she characterized this as being a caretaker. People tend to do this. They use positive words to give a positive shade to what they're doing.

For example, I spoke to a previous millionaire couple on this podcast who were cheap, and you know what they said? They said, "We're not cheap, we're just careful about what we spend our money on". After talking to them, I said, no, you're cheap. And when I told them that and we talked about it, they finally admitted it, and that's when we could work on a solution.

So, here, you can see how Lindsey's core beliefs about money are spilling into virtually everything she does. She makes way too much to think about Target as the culmination of her rich life, but that's what she was taught. No person should take on their partner's 130,000-dollar debt in one year, but that's how she was raised. So, when you see someone making a peculiar decision after a peculiar decision, there's usually something much deeper beneath the surface.

Can you see how these deeper beliefs you have about money are being brought to bear on like this decision and other decisions? Can you see how that just happens over and over again?

Lindsey: Mm-hmm.

Ramit Sethi: Yeah.

Lindsey: Yes. Yeah.

Ramit Sethi: This is why I didn't start with going through Excel, because we could have gone through all the fancy numbers, but it's all irrelevant because you believe you're not worthy of keeping the money that you earn and you believe that your worth comes from, finish the sentence for me.

Lindsey: My worth comes from helping others and taking care of everybody.

Ramit Sethi: Yeah, even at your own expense.

Lindsey: Yeah. Wow. And my kids.

Ramit Sethi: Yeah, I know, because it's exactly how your mom raised you.

Lindsey: Yeah.

Ramit Sethi: So, do you want to keep the cycle going? It's up to you. You can. I'm not asking as a trick question.

Lindsey: Right. No, and I don't, and that's why I work—like I meet with this counselor, and trying to build myself up to not be a caregiver to everybody, and trying to work on taking care of myself, and making time for me. But we don't talk about money. It's more of an emotional level.

Ramit Sethi: That's okay. Money is emotional. If there's one thing you take away from today, it's that we are talking about emotions and we're talking about psychology, because that's what money is. Yeah, it's also mathematical, and the two of you need to build a mathematical competence, but math is like arithmetic. It's very easy stuff. It's this stuff that's much more complicated, about how we feel about ourselves and money. Okay. So, okay, we heard your idea, Lindsey. We concluded that is not a good idea, and I'm very happy that as you said it out loud, even you realized, "Oh, there's something off about this". That's a great sign. You have good intuition on that. Now, I want to turn to John. What is your proposal for how to deal with this debt?

John: I said that I don't have a plan.

Ramit Sethi: I need a plan, not going to let you off that easy.

John is playing the old innocent doe routine. "Who, me? Little old me? I don't know what I could do. I've tried everything and nothing works." Look at those wide eyes, innocent doe, I love it when I spot it in the wild. Notice that his strategy shifts from one approach to another, anything for him to avoid taking responsibility. He started with, I'm not a smart guy. Now, he's trying to say, I just don't know, but I'm not going to let him get away with it.

I find that in almost all of these cases, people who use these avoidance strategies use them because they work. The people around them pick up the slack. They start to offer solutions. They try to help. Of course, the person always has a reason why nothing will work, and so they remain stuck. I'm going to push John to give me a plan. He has \$9,000 in investments, so he starts there.

John: One plan, right now, is I pull all of nine grand or whatever out of the stock market, and pay down my highest interest debt, my highest interest credit card debt. That is my plan.

Ramit Sethi: Okay. That is a plan. I hear you on that. Okay. 9K will take away 30% of your credit card debt, still leaving \$20,000 of credit card debt and \$100,000 of student loans. What then?

John: The rest of it, I guess, I potentially would do the personal loan or the balance transfer to another credit card.

Ramit Sethi: How many balance transfers have you done before?

John: I've only done one or two, I believe. Yeah, one or two.

Ramit Sethi: And did it get you out of the situation that you were in?

John: No, no.

Ramit Sethi: So, what do you learn from that?

John: I will pull like the YOLO thing, like a thousand bucks for a ski membership, done. So, that digs me in. Snow tires for my truck, like I can rationalize big expenses, and then after that, I mean, it was like, I don't know, what got me into that situation. What was the original question? I'm sorry.

Ramit Sethi: You see what you just did?

John: I spiraled out of it.

Ramit Sethi: Yeah.

John: Yeah. No, I know. This is my jam. I don't know what to do. I do not know what to do.

Ramit Sethi: No. You got to stop saying you don't know what to do. That's an excuse you, yourself, use to justify changing nothing and just keeping on going. I don't know what to do. I haven't read a book. I haven't listened to a YouTube thing. I don't know what to do. So, I'm going to keep on buying all the things I buy, because I don't know what to do.

John: I'm trying to gather as much information as possible, waiting, I guess, to pull the trigger on what to do about this money that I stacked versus this debt that I'm accruing.

Ramit Sethi: Can I just tell you something right now? John, the \$9,000 you have is not going to make a dent in anything. And you mentioned a truck, how much did your truck cost?

John: 36,000, it's a lease, actually, still.

Ramit Sethi: Why did you lease it?

John: I don't know. I can't justify it. I'm not a good money person.

Ramit Sethi: It's bullshit. You're not a good—look, John, you look like a fit guy. What if I came to you and went, I can't get fit, I'm not a fit guy, I just can't, what would you say to me?

John: Okay. If you want me to justify it, I moved out to my family's farm on a big hill, super steep, and wanted something reliable. I left my divorce with a not suitable car. It was super scary to drive in the winter. I live in the Northeast. So, I was like, it was a bit of a YOLO, and like I need something reliable.

Ramit Sethi: So, which one is it? Is it you needed something safe and reliable or it was YOLO? Which one is it?

John: I left my divorce with a Scion XB, and they were like—I won it in the divorce, and I went to the dealership, and I was like, I need something better. Like maybe it was like a midlife crisis kind of thing. I don't know what it was, but it was—hopefully, it's not midlife, but it was satisfying, I guess, that like, you know what, fuck her, I'm going to do me a little bit, a lot of bit, probably, but also, okay, maybe it was a lot, all that. Okay.

Ramit Sethi: John is very skilled at making excuses. He talks a lot. He has a story. He justifies, redirects, and misdirects. He pivots. It's impressive to watch, but ultimately, it's self-defeating. It's all bullshit. I don't mind that he's bullshitting me, but I consider it a tragedy when people bullshit themselves. Did you need an expensive truck to drive up a hill? Come on. John is impulsive.

He does whatever he feels at the moment, and then he creates a seemingly logical reason to justify it, but it doesn't work. He has tons of debt. He has no plan. And his only solution is to get mad at his wife and say, "I don't want to be a financial burden". Now, what did I say about being honest? Part of a rich life is being honest with yourself and the people around you. If we can't be honest, then we can't change. John is not being honest with himself about his spending.

If we can't be honest, then we can't change. Now, I have to say, I understand why John has employed these techniques. It's worked with the people around him. Personally, I love talking to somebody like this, I get to parse the clues and try to figure out what's going on. As a third party, his techniques don't work for me. It's my job to see through them, even to gently point them out, and to help redirect him and this couple toward their actual rich lives.

John: It's super scary. I live on a hill like this and it was dangerous, but yeah-

Ramit Sethi: So, you couldn't drive a car up that hill? Is that the truth? You could not drive a car up that hill?

John: Not the one I was driving. Yes, there are probably a million other ones, but yeah.

Ramit Sethi: I mean, listen, if you want to change your financial situation, step one is being honest, honest with yourself, and honest with the people around you. If you tell me, "Ramit, honestly, I was pissed after my divorce and I wanted something, and now looking back, it probably wasn't the right decision, but that's what drove me to get this truck", great. Okay. Probably a bad decision, but at least we can work with that, because now, we know what was causing it.

If you tell me, "Well, you know what, the trade-in value was pretty good, and then also there was this hill, and then the snow, and then also, I kind of wanted to say, fuck that", I mean, which is it? You've got to be honest with yourself and you've got to be honest with the people around you. One of those reasons was probably 90% of why you bought that truck, and the rest are just details. So, which one is it?

John: This was what I'm going to do, I'm going to do me. Yeah, totally.

Ramit Sethi: Fine. Let's be honest with each other. So, you bought the truck or you leased the truck, mostly because you were like, "I want this after my divorce". Alright. "I don't want this Scion anymore." So, let me just summarize the two things that I have heard so far. Our first proposal from Lindsey was she was going to pay off everything with a personal loan. That's not happening. Then, we came over to you, John, and your suggestion was to take 9K from your investments, pay off part of your credit card debt, and then do a balance transfer with the rest.

So, as I pointed out to you, 9K doesn't change the problem. It does pay off some of it, but now, you have basically very little invested and just balance transferring 20K doesn't do anything, because you still have the 20K of debt. That's not solving the problem at all. Okay. So, let's take one more crack at it. What are some other options that you have?

John: Just making more money. Like I said, I've got two months off during the summer.

Ramit Sethi: How much could you make in those two months?

John: 20 grand if I work like a normal 9:00 to 5:00, maybe.

Ramit Sethi: That's a lot of money,

John: Right. I don't have like like a setup business, just like I need to be more consistent with setting up a business, like I do little odd jobs for people.

Ramit Sethi: Let me get this straight. In the two months that you have off, if you worked a lot, you could make \$20,000 total over those two months.

John: That might be ambitious, but-

Ramit Sethi: What's a reasonable number?

John: So, okay, let's say eight grand, eight grand.

Ramit Sethi: That's a pretty big difference. Wait. Which one is it, eight or 20?

John: If I kind of like muddle through the summer, and take care of kids, and work, I can do four grand, but I could probably make up to 10 grand extra.

Ramit Sethi: Again, a good example of being unsophisticated with money. Okay. John doesn't realize what he's doing, but he is overcomplicating the situation. He's flooding it with so many details that it just wears the other person down and they give up. This is a classic strategy. It's the same technique used by cigarette manufacturers when they used to flood the marketplace with all these questions, "Oh, well, some doctors say that nicotine is not addictive", same as climate change deniers, same for right-wingers who flood social media with disinformation. In John's case, there's a huge difference between \$8,000 and \$20,000. But John is just talking about these numbers like they're interchangeable. To be confident with your money, you have to be competent. Basic money competence would mean understanding which number he can reasonably achieve.

And what about your current job, John? What are the options there? Have you ever considered a different job?

John: Well, I mean, yes, except the Loan Forgiveness program. I feel like I have to stay in public service to finish that out. I got a couple more years to do public service. And I love my job, I do. Like I love my job. One of my rich life things is fulfilled work. I am super fulfilled.

Ramit Sethi: Okay. That's great to hear. That's fair enough. And that has a good financial rationale behind it as well. Okay. So, it sounds like you could make roughly eight to 20K in two months, which could be additional income for you. Okay. Very good. Let's go to Lindsey. Another idea.

Lindsey: John could take from his 401(k) to pay it off.

Ramit Sethi: No. So, I want to point out why. I'll tell you why. And I want to point out what's going on here. Could he borrow from his 401(k)? Yeah, he theoretically could. He's got \$19,000. What would happen once he borrows from his 401(k)?

Lindsey: He's taking away from his retirement.

Ramit Sethi: Yeah, and he's supposed to pay it back. Realistically, do both of you think, John, that you would pay that money back to your 401(k)?

John: No, I can't make my payments right now.

Ramit Sethi: Exactly.

John: Yeah, no.

Ramit Sethi: Exactly. The type of person who even does this tends to be bad with their money, because people who are savvy with their money don't borrow from their 401(k)s. Okay. Now, what I want to point out is that both of you have a lot of interesting ideas about money that are very typical of people who are unsophisticated with money. And I want to give you a couple of examples, so you know what I mean. Okay. Now, the good news is you can become sophisticated with money it's not that hard, but you know you need to put in the time and work to do it.

I hope you appreciate what's going on with Lindsey and John. They have a double whammy working against them. The first is that they are financially unsophisticated. Now, please remember, I never judge anybody for being financially unsophisticated. We all start from different places in life. In their case, they are financially unsophisticated. They don't understand the basic concepts of personal finance.

Now, combine that with the second dynamic going on here, and that is, they are stuck in their pattern. One of them is trying to rescue the other one. The other is throwing up his hands and saying, "I don't

know what to do". When you combine the two of those, it puts them in a very precarious place. They don't really know what to do and they are stuck, so they just keep constantly spinning and talking about the same things over and over. And when they do decide to try something, they're not competent enough to know what to try.

And you can see that in this conversation. One of the first things that Lindsey proposes is to take over all of his loans. That would be a terrible decision. You heard about him potentially borrowing from his 401(k), another terrible decision. They're buying whatever's in front of them. They're putting their heads in the sand about debt, which is just continuing to grow, and they self-soothe with these impulse purchases from Target to snowboarding, to leasing a truck. They have not learned the skill of money.

And, when I talk about that, what does John do? He throws up his hands, says, "I don't know", and goes right back to his pattern of spinning. What I'm going to do with them now is to shift them into solutions. Remember, people with problems love to talk about their problems, and this couple will talk about it for the rest of the time, but I want to help them. I don't want them to be mired in the weeds. I want to shift their focus and pivot them to a solution. I know there's a solution, but they don't know it yet.

Lindsey: I fall into me I'll take care of things role, where I'm like, I'm working this Saturday, I have the opportunity, like John's idea of the month of 5,000 to 20,000, I know for a fact like I have an opportunity for overtime being a nurse, where John doesn't have that.

Ramit Sethi: Yeah. So, look, I think it's great that you can work more, and you can make a lot of money, and you probably should. I think that's great. You could certainly benefit from having some more money. What is unclear about that is what the relationship between you is. Are you just making five thousand more, and then putting it towards his debt? If so, isn't that a bit disempowering to him? Talk it out with him.

Lindsey: So, how can I empower him then to pay off that debt? What can I do?

John: How can you help support me pay off my debt?

Lindsey: Yeah.

John: Well, I don't want you to. I don't want that to be your burden. I mean, I want to pull my weight, and if I can't pull my weight—I'm not going to be a burden to you.

Ramit Sethi: But, John.

John: So, how can you help me pay off my debt? I can agree to...

Ramit Sethi: Hold on. John, John, John, John, John, stop. You're already going off on this whole thing, you didn't even hear her question. Repeat her question out loud. What did she ask you? She did not say, how can I pay off your debt for you?

John: How can she help me pay off my debt?

Ramit Sethi: No, that's not what she said. John, you're so in your head, you're so sprung and ready to answer her that you're not even listening to what she's saying. Do you guys want to have a conversation about this or do you want to just both be in your corners and just lob out the same bullshit you've been doing? What do you want to do?

John: What's the question? Ask me again. I'm sorry.

Lindsey: How can I support you while you pay off your debts?

John: How can you support me while I pay off my debt? I think it would be supportive if we could get a clearer image of what our joint incomes and joint expenses are.

Ramit Sethi: Keep going. This is great.

John: I don't know, because right now, you pay for these things, and I still pay for these things, as I do like the—like I bought the wood, and I pay for the gas, I pay for this, and I pay for that. It's very amorphous. Like I used to pay the rent when we were kind of living separately, but now, you've taken that over. But now, I will buy lightbulbs and plumbing fixtures, and I don't know exactly what my expenses are. I need a clearer picture—here's what it is, I need a clear picture of our income and our expenses. That's it. Because if we're in this together, it's not my debt, it's not your debt, it's our house, it's our pension, it's our retirement thing.

Lindsey: I don't know what you're asking. The mortgage is in my name and I will pay the mortgage for that, and I think that's a good thing for me. I'm going to keep the mortgage in my name, I will continue to make payments for the house and you not pay for anything there. Should we start negotiating then like if you are doing work around the house, because I'm not paying somebody, like to pay you?

John: I think for me, that's not sustainable for me. I'm not like, here's my bill for 40 hours, or whatever, like we're together or we're not. I don't know.

Ramit Sethi: You're on the right track. The house thing was great. So, John asked, "How much do we make and what are our expenses?" Okay. Fair question. Lindsey said, "Well, the house is mine and I'm paying for it". Okay. That's a fair answer. And then, somehow, it devolves into, "Am I going to have to invoice you for whatever around the house?" That's not relevant. Get rid of that. And actually, does it even really matter, what, are you going to invoice him \$10? Who cares? Big question.

Lindsey: But if that helped him chip away at that debt, I would be happy to—no. Okay.

Ramit Sethi: No, we're not solving his problems for him. You asked a great question, Lindsey, "How can I support you in paying off that debt?" He's asking a really simple question. What is our income and what are our expenses? So, let's get an answer to that, and I want you to both be writing this down right now because you're not going to remember it later. So, make sure you have some paperwork.

Something fascinating just happened in this conversation. Did you catch it? We finally got to the point where we could talk about their income and expenses, but it took us a long time to get here and it was the right thing to do. Do you know that most people who come talk to me, want to talk about some obscure technical topic? They go, "Look at our income, should we pay off this high-interest debt first or should we do that one because mortgage rates are low?"

It's rarely the right question to be asking. Lindsey and John, before they came to talk to me, had put together a document with their income and their expenses, they've already done this, and yet it took us going through this exercise, this process, to uncover so many of these subtle issues beneath the surface. Lindsey understands that she's had a role to play in this dynamic. She understands also that she's got some mindless spending that's exacerbating the problem, and she's tackling that.

I am delighted to hear that. John, I don't know if he gets it yet, but John has revealed to us that he's spinning, and he's problem-oriented versus solution-oriented. The beautiful thing is that the two of them are now much more aware of the financial traps that keep people like them stuck in debt forever. And I don't want that for them. They have a very, very long life ahead of them. I want them to be happy. I want them to live a rich life.

But for them to do that, they need to change how they talk about money, how they think about money, and how they spend money. In next week's episode, I'm going to continue my conversation with them. We are going to put together a plan of attack for their finances, and you're going to listen as they shift from being problem-oriented to solution-oriented. But I can tell you one thing, it's not going to be easy. I'll see you next week.

Podcast Episode 32: We just got married, but I'm scared to combine our income and debts

Synopsis: Today is part two with John + Lindsey, and progress on finding a solution that sticks for the couple is slow. Listen to how John gets riled up with rage and resentment when I ask him simple questions. I don't think he gets it. We need a dramatic solution to pull him through this mess.

Will getting into the weeds help them interact on the same page again? Or will his past cloud John and Lindsey's future forever?

Podcast Transcript:

Ramit Sethi: Welcome back to part two of my episode with Lindsey and John here on the I Will Teach You To Be Rich podcast. Let me give you a quick refresher on who Lindsey and John are. Between them, they have five children from previous marriages. They were married together about a year ago. Their income is \$150,000. Roughly 90 of that is earned by Lindsey, and approximately 60 of that is earned by John.

They came to me asking how they could combine their finances, but John has over \$125,000 in debt, and he is very resentful. He's resentful because he has to pay over 50% of his income to child support payments. Lindsey's not used to having debt. She doesn't know how to work with it. And so, they came to me asking what they should do. But you're going to hear it, John talks over me a lot. He spins a lot.

And when I ask him, what are some possible options, he can't conceive of them. He's still stuck to being problem-oriented. And what I want to try to do today is move him over to being solution-oriented. That's a profound shift. Now, we pick up right where Lindsey is asking, "How can I support you? Not how can I pay your debt off, but how can I support you in you paying the debt off?"

I want you to observe how the conversation flows. And I'm going to do something a little unusual in today's episode. I'm going to get into the weeds with Lindsey and John about their actual numbers. At times, it might sound confusing, a lot of numbers are going to be flying by, but all I ask is that you trust me because I want you to listen to how the two of them interact with their finances. Let's get into it. So, we still haven't gotten a great solution here.

Lindsey: How can I support you? What can I do?

John: How can you help support me pay off my debt?

Lindsey: Yeah.

John: Well, I don't want you to. I don't want that to be your burden. I mean, I want to pull my weight, and if I can't pull my weight, I'm not going to be a burden to you. I need a clearer picture of our income and our expenses.

Lindsey: But if that helped him chip away at that debt, I would be happy to—no. Okay.

Ramit Sethi: No. We're not solving his problems for him. You asked a great question, Lindsey, "How can I support you in paying off that debt?" He's asking a really simple question, "What is our income and what are our expenses?" So, let's get an answer to that, and I want you to both be writing this down right now because you're not going to remember it later. So, make sure you have some paper. John, what is your gross pay per month?

John: Gross pay a month, 3,600, approximately 3,700.

Ramit Sethi: So, you make \$44,400 a year.

John: No. I guess, per year, it's what, 59, I think.

Ramit Sethi: So, your gross pay is \$4,916 per month.

John: Yeah. I mean, yeah, I guess something like that. Yeah.

Ramit Sethi: Okay. So, this is what I'm talking about, basic competency.

John: That seems too much, though, but-

Ramit Sethi: Okay. Guys, basic competence with your numbers means you need to know how much money you make. And this is good. You're asking a good question, "How much do we make and what are our expenses?" These are excellent questions. If you don't know the answer to these, how are you going to find out the answer to this after this call, John?

John: I have them in a spreadsheet. I just didn't have it right here.

Ramit Sethi: It seems pretty important, we want to get the right numbers down, right? So, while you pull that up, John, I'm going to ask Lindsey the question. Lindsey, how much do you make, gross income per month?

Lindsey: So, I know what I make in net, 4800 a month in net, for every month, because that's what I'm going to have in my bank account.

Ramit Sethi: So, you two should set up a page, a Google doc or whatever, where both of you are putting both of your numbers, and the reason we want to start with gross, and then put net is some people take money out for their 401(k) or their Roth IRA, and that's money that's going towards your investments. And so, when you say, "I make this much net", well, you made more than that, it's just in a separate investment account. Some people have child care or whatever it may be.

And then, of course, taxes are taxes, you can't change that. So, we want to look at the gross amount, and then you can talk about the net amount, but your net amount should be, what is your gross minus all the required things like taxes? Okay. Child support, that's really up to you to define for the two of you, is that "required" or is that John's expense that he needs to handle on his own? What do you guys think the answer to that question is?

Lindsey: I think that's John's expense.

Ramit Sethi: Okay. So, John, your child support is your responsibility, right? That's not going to be, of course, counted by Lindsey, nor should it be. So, Lindsey, in this case, is paying for all the housing expenses. That's very generous. And the house is in your name. Lindsey, I think that's a good call. So, John, what does that mean for you in your housing expenses? How much are you paying for housing expenses?

John: Well, like I said, it's just whatever else I feel like I can chip in. Like I bought all the wood for this season. I do a lot of the labor. I guess it's not necessarily monetary in my mind, which if that's a problem, that's a problem, and we need to have that conversation, but I feel like I've been very vocal about that, like is this okay? Are you sure? Alright. At least, I feel like I've been vocal about that.

Ramit Sethi: Okay. Don't spin into this being a problem. I don't think it's a problem. Lindsey, is it a problem that he's not paying for housing? No, it's not a problem.

Lindsey: No. I think this is good to have this conversation.

Ramit Sethi: Yes.

Lindsey: It's good to say these things.

Ramit Sethi: It's not a problem.

Lindsey: It's not a problem.

Ramit Sethi: Fine. So, trust me, life is hard enough. We don't need to create problems where they don't exist. So, it's not a problem that you are not paying for housing. It's great that you picked up the wood, and it seems like you do some stuff around the house. That's awesome. That's valuable. It may not show up on a spreadsheet, but that is valuable. Okay. So far, so good. And John, that's a considerable amount of savings for you. I want you to think about that. So, expenses, what are the big expenses that each of you is paying for? Lindsey, you first.

Lindsey: So, my day-to-day spending, like lunches out that don't need to be if I prepared more, like we talked about, really looking in at that meal prep, Target, essential oil, my subscriptions that I sign up for monthly, that I spend hundreds of dollars on.

Ramit Sethi: So, how much could you cut realistically, be realistic, per month?

Lindsey: At least \$300.

Ramit Sethi: Okay. Fine. What else? Do you have a car?

Lindsey: Yeah, I have a car payment, and that's something I can look into doing to-

Ramit Sethi: What kind of car did you buy and how much did you pay for it?

Lindsey: I bought a Kia Sorento, and I'm going to own it, and it was \$30,000.

Ramit Sethi: What is your interest rate on the loan? Do you know?

Lindsey: It's got to be more than 6%.

Ramit Sethi: Yeah. So, that loan, if you were to be able to refinance it, would save you way more than all your Target purchases and all of that combined, right? So, in finance, basic competence means, we start with our biggest purchases of all, and we focus on those first, and then we work our way down to little things like Target expenses. Should you cut back on Target? Yeah, you probably should, but that's not going to make a big difference in your financial life right now. Okay. What's more important is your attitude, which is, "I don't need to save everybody and I need to look at where am I directing my money towards". Because guess what, what if you had \$500 more per month? What would you do with it?

Lindsey: I have a little savings, like a 360 savings account on Capital One, so maybe there is a smarter way I could put that \$500 somewhere else?

Ramit Sethi: Yeah, it's called investment. You're 37, correct?

Lindsey: Yeah.

Ramit Sethi: So, do you know what your retirement situation is right now or your investment situation?

Lindsey: I have a 401(k), which I'm contributing minimally. I just saw that I have almost \$20,000 in that. And I don't look at that portfolio often, like I look at it probably once a year, maybe twice a year. It's not something I-

Ramit Sethi: Do you know what it's invested in?

Lindsey: No.

Ramit Sethi: Okay. What else?

Lindsey: With my job, I think the company might have investment options, like reaching out to somebody to say, could you help me, and if there's a way that I could buy stocks within our company or something, maybe.

Ramit Sethi: You're probably leaving like 10 to \$25,000 a year on the table.

Lindsey: Wow.

Ramit Sethi: Okay. How long have you been working at this company?

Lindsey: Almost 10 years.

Ramit Sethi: Yeah. Look, we can't change what happened in the past, but we can start tomorrow. Basic competence. First of all, is my money in the 401(k) actually being invested or is it just sitting in there in cash? I have a reader of mine. She opened up a Roth IRA, which is sort of like a 401(k), and something like 10 or 14 years later, she logged in and looked at it, and it had just been sitting in cash. She hadn't invested it.

She'd lost tens of thousands of dollars because she never knew she'd got to go log in and check how it was being invested. Basic competence, right? And this is all covered in Chapter 7 of my book. So, you will learn this, and then you will feel confident and empowered to focus on that because that's where you're going to make real money. It's not, "Let me worry about my massage", that's not relevant. It's the big things that matter to you. Right now, and I guarantee if you just had it sitting in a savings account, come Christmas, you would just spend it all, right?

Lindsey: That's what happened, I had 5,000, and now, it's down to three, so yeah.

Ramit Sethi: Why? Because you have no purpose behind it. It's just, "Oh, I know I should probably save more. I put in a savings account, but I don't even know what the purpose of this is". Like the two of you haven't sat down and said, "This is what we're doing this year, and we're going to spend X. I'm going to contribute 60%, you contribute 40%, and we're going to do this in November." It's just head in the sand. It's no wonder. Like the money is just flowing in and out, and there's no purpose to it. There's no vision at all. Okay. So, your investments, I can tell you right now, need to go up substantially. I want to come to John now. John, your expenses, what are the major ones that you're paying for?

John: So, major expenses is probably, I mean, top one is child support, followed by probably car payment.

Ramit Sethi: That's right. We are talking about trucks again, my new favorite topic. Last week, we heard about the truck that John leased. He cannot afford this truck. It was a bad financial decision, as are many truck purchases in this country. And he admitted that, deep down, he bought it because he wanted to spite his ex-wife. Now, we have to get into the numbers.

How much is your take-home pay, John?

John: About 13 biweekly.

Ramit Sethi: Okay. So, 2,600 a month.

John: Twenty-six, yeah.

Ramit Sethi: And how much is your child support every month?

John: All in all, probably 1,200. It's maxed out to the New York State max. Yeah, it's maxed out to the New York State limit. So, no.

Ramit Sethi: So, I'm just pointing out that that's approximately 50% of your take-home pay.

John: Yeah, I'm aware.

Ramit Sethi: Ok. Yeah. You're like, "Of all the numbers I don't know, I know this number down to the penny". Okay. Fine.

John: That's where I'm like, oh, I just give up. Yeah.

Ramit Sethi: Okay. So, I don't want you to give up, and I know that it can feel like, "Oh, my God, I'm overwhelmed, I have that, I have debt, I have a student loan, I have all this stuff", and you're just like, "Fuck it, I'm going skiing". Okay. We don't want that. We don't, because once you do that, the game is over, right? Once you lose the will to play, the game is over.

John: Yeah, I oscillate.

Ramit Sethi: Okay. So, you have 1,400 bucks a month after child support. 400 of that goes to your car.

John: Let's say 500, and then 300 for gas.

Ramit Sethi: And you're not paying any housing, do you realize how ridiculous this is?

John: I do. I do realize that. I do realize how ridiculous that is. I do.

Ramit Sethi: So, you have \$900 left per month, and this goes where?

John: I mean, that goes to, what, food, gas, anything fun, anything fun for my kids, clothes for my kids that I get to buy for them.

Ramit Sethi: Yeah. So, I'm just going to share the numbers out loud, and then I want you to tell me what you would do if I were in this situation. Okay. My name is Ramit, and in this scenario, I make 2,600 bucks a month take home. By the time I pay child support and my car payment, I have 900 bucks a month left. I don't have any housing expenses, and I have a bunch of debt, kids, eating out, and stuff like that. What should I do?

John: Cut down on eating out, number 1.

Ramit Sethi: Okay. What else?

John: I could get a cheaper car payment.

Ramit Sethi: Yeah.

John: Yeah. An obvious one anyway.

Ramit Sethi: Get rid of that truck tomorrow. I'm not kidding. Get rid of it. How long is your lease for?

John: So, it's up in May.

Ramit Sethi: Okay. You may want to look into what happens if you break it early, but if you can, break it. You need every extra 200, 300, or 400 bucks you can get right now. And more importantly, you need to break yourself out of the cycle that, "I'm powerless and I have no agency in this". It would be like if you're a CrossFit and you're like, "Oh, I can't lift this", and your coach is like, "Shut the fuck up. Lift that thing, even if you need to use both hands just to prove to yourself that you can lift that thing", and then you're going to realize, "Oh, my God, I'm stronger than I realized". So, one of your homework items is to find out from your dealer, "What are the penalties if I return this car early?" You may find out they want it back early because they can make more money right now, because of the used car market. If so, bye-bye truck. Okay.

Just a quick note on my CrossFit example. It's a little aggressive. I know, I'm telling you. The coach is out there, "Shut the fuck up, lift it". First of all, that's probably not a great coach. I'm not an advocate of that type of coaching. But I want to tell you why I used that example. As I am sitting here recording this podcast, I can see both members of the couple. I can tell John is a very physically fit guy. I can tell he takes a lot of pride in his ability to lift.

In fact, at some point, he mentions that he lifts, and he eats chicken and rice, et cetera. That's why I used that example. If you're having a discussion with your partner, and they are not taking ownership, and you go, "Hey, what would a CrossFit coach say? 'Shut up and lift that'", and they've never even been to CrossFit, that would not go over well. So, that's why I used that example. And the key principle there is

making sure that you are using examples that connect with the person you're talking to. Alright. Back to John.

Now, let's pretend they say, "Sorry, we can't do anything". So, May comes around, you finally turn that truck back in, what are you going to do for an automobile?

John: I was planning on buying it out, but I would say you're going to say no.

Ramit Sethi: With what money were you going to buy it out?

John: Yeah.

Ramit Sethi: You didn't think that far, did you?

John: Well, I did, but I have a solution. I was like, yes, I'm going to need money, how am I going to get that money? I didn't have that piece.

Ramit Sethi: Okay. Okay. Well, that's good. So, listen.

John: Other than working hard or something.

Ramit Sethi: You can't outwork yourself from certain things. You can't.

John: Yeah.

Ramit Sethi: Right? And I hope you're starting to see that. Even this working an extra two months, you make 10, 15,000 bucks, you can't outwork the cost of a 50,000-dollar truck, not at your income.

John: Right.

Ramit Sethi: It's time to be honest about that, right? Have you ever said to yourself, "I can't afford that"?

John: Oh, yeah. Yeah, I'm sure. Fuck yeah. Hell yeah.

Ramit Sethi: Really? Like what?

John: Well, like my truck. Like my truck, yeah, I can't afford that.

Ramit Sethi: What do you mean? You just told me two seconds ago, you were planning to buy out the truck.

John: Well, no. I mean, when I leased it out, I was like, I can't afford this, but I got a shitty car, I rationalized it.

Ramit Sethi: John, my question was, have you ever said to yourself, "I can't afford that", and therefore not bought it?

John: Oh, yeah, yeah, yeah. I'm sure I have.

Ramit Sethi: Lindsey, do you agree?

Lindsey: No, you say yes to everything. You never tell me no, that you can't afford to go out to dinner with me. You never tell me no, that you can't do an activity. You're always game. And maybe that's what you need for me to stop saying, let's go out to dinner. Maybe that's what will be a good thing for me to support you by coming up with inexpensive, fun trips for us.

John: I just don't want to be like, oh, inexpensive trips, like I'm not a fucking burden. I'm not here to be anybody's burden. I'm good. I'm a farm boy, like we can get by. Like I'm not going to be here—I'm not your money bitch, like I'm not your money burden.

Ramit Sethi: Whoa, everything just went off the rails, did you notice? So, I'm asking this innocent question, have you ever said you can't afford something? John goes, "Yes", and then I bought it, and I call him on it. Lindsey comes out saying, "Hey, you never say that. You constantly say yes, and maybe I need to change my approach." And suddenly, John erupts with this, "I'm not a burden", thing that he's got going on. You can see that John is resentful, and it makes it very difficult to get to the core of what is going on when John covers it up with this odd armor of "I'm not a burden".

Notice what John said. He said, "I'm a farm boy. I'm nobody's burden. I'm not your money bitch." What do you think is going on there? It's so complex, it's so multilayered that it is unlikely John will be able to make a big enough change. I hope he does, but the reality is he's not listening to me, and he has faced no actual consequences for his spending behavior. He's in debt over \$125,000, but he still has his truck, he still goes snowboarding, he still pays no rent, and he's not listening, that's the worst of all. This is very frustrating.

John, I think it must be tough for you to not be earning as much as your wife, and to have \$100,000 in debt, and not have a plan to get out of it.

John: It's like a 12 out of 10. It's like, oh, it's over the top.

Ramit Sethi: Yeah. And I feel that-

John: If we were separate, if we were just dating, it'd be fine, but like I don't know. It's so over the top.

Ramit Sethi: Over the top means what? Embarrassing, shameful, what is it?

John: It's embarrassing, but also, I need to know how we're proceeding with all of the debt and the investments. And I don't want to feel like a burden, I'm not, I'm a hard worker, and I will pay my way.

Ramit Sethi: John, can you see that she's trying to help both of you get to that answer of what to do with this debt?

John: Yeah.

Ramit Sethi: Okay. And your response to her was frustrating, it was a bit over the top. Did you see that?

John: I just want to feel valued on my end, even though it's not monetary, you know what I mean?

Ramit Sethi: You want to feel like you're contributing to the relationship?

John: Yes.

Ramit Sethi: Yeah. You know what's funny, John? This is so funny.

John: Yes, I do.

Ramit Sethi: First of all, I know you contribute to the relationship. Lindsey, would you agree?

Lindsey: Yes.

Ramit Sethi: Okay. Everybody agrees that you contribute. John, when I was speaking to my wife about money when we were engaged, we had a lot of really challenging discussions, very similar to the ones you're having. We had a lot of spinning and some anger, all kinds of stuff. And I made more money than my wife. Okay. So, we were talking about what's going to happen, working, what if we have children, things like that.

And my wife would continually say to me, "I want to feel like I'm contributing, even if I'm not making as much money." And something really interesting happened in that conversation. First of all, I was like, "Yeah, I know. I know you're contributing. I get it. I value it." She didn't hear me. And I came to realize that in a relationship where one person is earning more than the other, the person who's earning less often feels they're not being valued.

And the thing about money is it's really easy to put a number on it. We can look at how much you're paying for your truck, or the mortgage, or the kids, or Target, and you can see that on a computer screen, but nobody can value how much it is when you cut the wood, John, or when you make sure that the house is locked up at night, or that you take the kids out for a walk. We just can't put a number on that, nor should we try to. Okay. I want to pause here just to see how both of you are feeling about this because it's a really important thing. John, what do you think?

John: I'm just feeling frustrated. And I guess I don't like the phrasing, and this is on me like, "I want to help pay down John's debt." Okay. If it's John's debt, John's going to go take John's shit and go deal with it, like I just need it rephrased or something.

Ramit Sethi: What would you like it to be phrased as?

John: I just don't want it to—however it can be phrased that it's not like, and she's not saying, she's a goddess, she's not saying it like that; that's on me. That's how I envision that. I don't want to be like you said, you can put a number on income, but you can't put a number on other skills or whatever that balances our worth together.

Ramit Sethi: John, what do you want it to be phrased as?

John: Our expenses.

Ramit Sethi: So, is your debt a joint expense now?

John: I don't know. It depends on if other expenses are joint expenses, maybe like—so I mean I accrued that debt on my own, but now, it's a value to us, because now, I have a pension, and this, and that, so how do we split that then? Is that all mine, too, or?

Ramit Sethi: Tell me. Why don't you just—can I point out to you that it seems like you're both waiting for some magical person to come down from the sky and tell you the right answer? Do you guys know that you two decide?

John: Here's my answer. Here's my thing. If we're married, we're pulling everything together, and we're splitting everything or not.

Ramit Sethi: Why don't I suggest that you just soften that a little bit? Like, "Lindsey, it seems like we're going in circles, here's one proposal, what if we combined everything and everything is joint?" Okay. Why don't you ask for that? That feels a lot better, don't you think?

John: That's a way better question. I got to work on my delivery. Yeah.

Ramit Sethi: Okay. Do it.

John: Hey, Lindsey, what if we pulled all of our income together and just spent everything out of that one pot?

Lindsey: That scares me. But if we could do it the smart way, I guess I want to think more about the money that you have, that \$900 that you have a month, and use that like to make some moves to cut down that debt.

John: Okay. Yeah, totally. But if that \$900 is going to go towards that, then it's going to come from gas, and any takeout, or any groceries, that's got to be accounted for in some other way, which I'm happy to do, but that's what we have to figure out. Maybe we need like a house card account or something, a grocery account or something.

Lindsey: So, having funds, so we put our income together, I'm just scared that that—we just said that I wasn't going to take on that \$120,000 worth of debt, that that wasn't going to become mine to pay. So, how can we work together by you continuing to pay that, but me help you with—how can we help you feel like the financial pieces are split or that we have like maybe a card like for groceries or something, or like a joint account for gas that I put in or something?

John: I still feel like a crutch and a burden.

Ramit Sethi: I mean, so what? You feel like a burden. So what? Yeah. Let's put it this way. Pretend I lost my arm in an accident or something. Okay. So, my left hand doesn't work anymore and I can't drive a car or something, so my wife has to drive when we go somewhere. Yeah, I feel like a burden for a while. Am I a burden? Be honest. Am I a little bit of a burden to my wife if I can't use my left hand? Yeah, a little bit. But does she still love me and are we still going to have a great relationship? Yeah. And can I learn how to find other ways of managing that? Are there prosthetics or can I train my other hand to do things? Yeah. If I come into a relationship with \$130,000 of debt and bad spending habits, am I a burden, John?

John: Yeah.

Ramit Sethi: Now that you have said the truth, now, we can accept it and change it. Do you want to be a burden?

John: No.

Lindsey: You're making that super clear, and I want to support you when I ask, what can I do to help you? Like how can I let you know how much I value you, that yesterday when we went snowboarding, and we took the kids, and they were having so much fun like that, I can't put a dollar sign on, but that means the world to me.

John: How am I going to not be a burden? I'm not going to be when you say, let's go out. I said, buy wine. "Babe, can you pick up wine?" "No, I can't." "Hey, let's order takeout." "No, we're cooking chicken at home." I'm okay with it, I eat the chicken and rice, and sweet potatoes, and kale every night.

Lindsey: And I promise, I'll come home, too, and eat it, and then I'll put a smile on my face.

John: Yeah, then I'll be happy.

Ramit Sethi: Okay. This is a real partnership here.

John: This is how I lived when I was single. When I was single, sweet potato, chicken, rice every night, kale, and oatmeal for breakfast, and I was good. I was living in a one-room farmhouse making it happen. I made 6,000 extra dollars in two months after having no paycheck for two months, oh? Let's see. Let's get it done, and I got it done.

Ramit Sethi: So, John, I love the energy. First of all, I love the macros that you were consuming when you were single. I love that. Respect.

John: I still.

Ramit Sethi: Okay. Great stuff. I love the energy you have when you think about being single, but do you notice something? That aggressive, assertive energy when you were a single guy, how would you describe your energy right now when it comes to paying off your debt?

John: It depends.

Ramit Sethi: No. No, it doesn't. How do you think I perceive your energy on today's call? It's lethargic, it's lazy, it's helpless. "I don't know what to do." I'm going to use the gym example because you know it. It's somebody coming in and saying like, "Oh, I want to transform my body", but they show up late, they don't do anything, they don't listen to their coach, but deep down, you know they can crush it. And so, I think there's something here, John, when you were single, you were making it happen. You were hustling. Like no obstacles stood in your way. What's the difference right now? What changed?

John: I have five kids and—hahaha.

Ramit Sethi: This is it. This is the turning point for John if he realizes it. He is so close to understanding why he behaves the way he does. I'm going to gently push him because I want him to stop spinning, to stop repeating these automatic phrases about being a burden, and I want him to stop, breathe, and think about why he does what he does.

Keep going. What's that 800 bucks a month that comes right out of your paycheck? What is that?

John: Oh, yeah. So, it's 1,100 bucks, yeah, that's child support. Yeah. What about that?

Ramit Sethi: And how do you feel about that?

John: Super fucking resentful, burns me to the core every second.

Ramit Sethi: Exactly. So, listen to this. When you were single, and it was just you, and some obstacle came up, and you were like, "I'm going to crush that", and you found a way around it, now, I know you want to pay for your children, I know that I'm not taking away from that, but I can sense the resentment that's so obvious. And how do you think that makes you feel about the rest of your financial situation when you combine that with all your debt?

John: Like an indentured servant.

Ramit Sethi: And so, what do you do when you feel like that?

John: I just feel like, what's the point? Like what am I, just working to make money to pay this fucking idiot? So, like what am I even around for?

Ramit Sethi: So, John, do you see the core of why you are so resentful and absent with your money?

John: Yeah.

Ramit Sethi: What is it?

John: I mean, it's just this cycle of helplessness, I guess.

Ramit Sethi: Why? Because every-

John: Defeated.

Ramit Sethi: Exactly. You're defeated. And I can sense that in you, and yet I'm looking at you, I'm like, well, this guy is not defeated, he's talking about macros, he's talking about working out, he loves going out with his kids, and you love your job. So, just play this out for me. One more thing, for every dollar you make, how do you feel about the next dollar you make?

John: I'm not even going to see it.

Ramit Sethi: Exactly.

John: It's not even mine for the next 100,000 years.

Ramit Sethi: Exactly. So, do you now understand why you are so avoidant with your money?

John: Yeah.

Ramit Sethi: What is it? Say it to me in a sentence.

John: I mean, it's like hopeless. It's a hopeless situation. And I mean, like so I say I'm defeated, but right now, in these couple of days, I'm feeling a little bit down, but that's not my personality. Like I don't-

Ramit Sethi: Notice what John just did. He took the real situation and he minimized it. He said, "Well, I'm just feeling down these last couple of days, but that's not how I am normally". He's not listening, and this is the crux of the real issue. Yeah, John has learned helplessness. John believes that for every dollar he makes, he's going to see none of it, so he's just giving up. But when I'm pointing this out to him repeatedly and I'm saying, what do you notice? He goes, "Yeah, yeah, I get it." I said, what is it? Tell me. And he tells me, and then he instantly doubles back and minimizes it. This is a really bad sign, making it unlikely that John can change.

I know. John, I know it's not your personality, and yet...

John: So, I don't want a Debbie Downer, but I'm going to get the shit done or else, one way or another.

Ramit Sethi: John, listen, you're saying this like it's a surprise to me, but if anyone should be surprised, I want you to listen to yourself. I don't think you're hearing what's going on right now. You're a positive guy. You know how to get shit done. You've done it in the past. You were good living on minimal stuff, eating the same food. You didn't need all this fancy stuff.

Fast forward to today, you feel defeated, and helpless, like every dollar you earn for the rest of your life is not even yours, so therefore, what's the point? If you connect the dots, do you now understand why you haven't read my book? It's not because you don't like to read. I have an awesome Audible version with insider stuff that's only on the Audible version. Why? Do you understand why?

John: Truth hurts, man. The truth hurts.

Ramit Sethi: The truth is, John, every move you make towards paying off your debt or earning more money feels like it's just going to be taken away and sucked into a black hole, so why bother?

John: Exactly.

Ramit Sethi: And that's why you get mad at Lindsey and you react with this very odd out-of-left-field reaction like, "I don't want to be a burden." She's not making you a burden. You are reacting to her talking about coming up with a reasonable plan because deep down, you hate the idea of making forward progress with your money; what does forward progress mean?

John: It's not mine anyway.

Ramit Sethi: And whose is it, by the way?

John: It's the student loans, my ex-wife.

Ramit Sethi: Yeah, it's your ex-wife. And so, the more you win, the more you actually lose, and who wins?

John: She wins.

Ramit Sethi: She wins. Unless you can change that in your mind, unless you can say, "Look, these are the cards I was dealt with, I can't change that, so either I can sit here and simmer in this resentment for the rest of my life, which is going to cause my wife to become resentful because she's seeing me making no forward progress, complaining left and right, and reacting in all these weird ways unless I can get over that, I'm going to be on this path forever". There is no magic secret for you to pay this debt off. This debt will grow. You will never get rid of this debt unless you make a very dramatic plan to get rid of it. That's the truth.

Lindsey: I'm excited to make a dramatic plan and support you, and me making a plan, too, because we can do it.

John: Can we say support us moving forward, not just—I feel like it's triggering me.

Ramit Sethi: Say it again. Let's start a fresh slate.

John: Let's support each other moving forward in our financial journey because I'm not a fucking burden, I bring a ton of shit to the-

Lindsey: See, there you go with your little anger thing, though, yes, let's support each other, I want to support each other.

Ramit Sethi: I don't know. Did I reach him? Maybe. I know what the problem is, Lindsey knows what the problem is, but I don't think John has stopped to listen. He's very good at coming up with explanations. He's very good at spinning and running and moving, but sometimes, you can't outrun a problem. Sometimes, you have to stop, slow down, and confront it head-on. And he can repeat the things I say, and he can laugh, and admit, "Yeah, it's my ex-wife", but I don't think he has grappled with the fact that for every dollar he makes, deep down, he believes he's losing.

And worst of all, he's not just losing to a random person, he's losing to his ex-wife, who he's angry at. So, did it help? I don't know. Will he change? I hope so. But based on even the last couple of minutes of our

conversation, I would say it's unlikely. After this part of our conversation, I stayed and spoke to John and Lindsey for quite a bit longer. I worked with them on creating a plan.

I talked about some postnup options that they have. I talked about how they can create a debt payoff plan, and John can take ownership and prove to Lindsey that he's committed to making a change here. Finally, I talked about some of their spending. I encouraged them to make a disciplined plan about what they were going to cut back on. I want to read you part of a message that Lindsey sent me as a follow-up. It's quite striking.

"Ramit, thanks again for taking the time to speak with John and I. Reflecting on our conversation, I'm still surprised at the negative emotions I feel towards money. I meet with a counselor, read books, journal, and listen to podcasts, but never have I reflected on my personal emotional growth that needs to be done regarding money. Duh." She said that; not me.

"The anxiety I feel is real and I can't put my head in the sand any longer. I want to end this long cycle of family incompetence, not just for me and my future, but for my kids and their future. After we met, I went out in the kitchen smiling ear to ear but was quickly faced with John giving off the energy of irritation and frustration. We didn't take your advice to wait for our conversation and we got into a huge fight.

So many emotions and past shit from our childhood and previous relationships were right there on the surface. We went to bed mad and annoyed, and the next morning, I had to work an extra shift. On the way, I listened to your podcast. I was still feeling embarrassed that I didn't have a clear picture of my finances, but after listening, I'm relieved to know I am not alone. After my shift, I started a Google document. First up, my paycheck looked at gross and net income. I have never done that, but I will now. I then looked at my biggest purchases, my mortgage, car payment, et cetera. And do you know I'm paying over 9% interest rate for my car payment? I've also started reading your book. John and I are reading it together. We have promised six weeks to one another. Our weekly chats are on the calendar along with a monthly date night. I am hopeful it will be a promise we keep forever."

Ramit Sethi: I'm going to give you a quick rundown of what I would do in this situation if I were involved in it. Okay. Some of it may be relevant, but some of it may not. Some of you may decide yes or no, or you may want to talk to somebody else about it, but I'll tell you what I would do in a similar situation. So, what I would do is I would get a lawyer and I would sign a postnup. A postnup agreement is like a prenup, but it's after you're married, and I would legally separate the debt.

Why? You've already been divorced once, and if, for whatever reason, you were to get divorced again, Lindsey, there's no reason for you to take on 100-plus thousand dollars of debt. I, like you, was like, what? Prenups are only for rich people and people who are like assholes with a Richie Rich top hat. That's what I thought. No, as you know, getting divorced, there are some real reasons to have a prenup. It sets the rules of who owns what. And so, the fact that both of you are coming to the marriage with different assets and different debt, I think would be really important just to create some lines in the sand that say, "In the worst case, if we end up separated, your debt is yours, my debt is mine". Second, I would decide on how are you both going to treat your debt. Okay.

So, right now, I still don't know that you have both come to a clear decision on, whether is the debt purely John's responsibility, or Lindsey's, do you want to contribute to it in some way? And if so, how much?

Okay. So, I think you're both assuming that you should just combine everything and then the debt should just be paid from one account. Well, if that's the case, then because of your earnings, Lindsey, you're ending up taking on over 50% of his loans.

That, to me, doesn't make any sense. What I would do is I would come up with some rules. If I were Lindsey in this relationship, I would say something like, look, I need to see that you can pay your debt down for six consecutive months and make a serious dent in it. Now, if I'm John, first of all, I'm feeling like, whoa, I don't feel good hearing that, but I understand it.

And John, if I'm in your position, I go, "Okay, fucking great, I have a challenge, I know how to solve it. I'm getting rid of the truck. I'm getting a cheaper car. No more of this takeout stuff. All that skis", blah, blah, blah, "No more of that. Cheap stuff for the kids and I'm going to need Lindsey's help, because some of the stuff, I don't have the skills to do. Lindsey, I need your help to come up with some ideas for the kids. And Lindsey, I need you to not be buying a bunch of stuff out there because I can't have the temptation." Okay. "But Lindsey, again", I'm speaking as John in this example, "I've put together a plan, and over the next six months, I'm going to work my debt down by 600, 800, 1200 bucks a month", whatever it is. John crushes it, of course. You come together. Lindsey goes, "Awesome. You keep paying that, and I want to add on X hundred dollars a month, which will accelerate the payoff by years and years."

Okay. Now, you're both in it together. John's picking up the bulk of the slack because it's his debt. Lindsey has agreed to help, but it's not your debt, Lindsey, you're just doing it because he's your partner, but you're not doing the bulk of it. He's doing it. It's his responsibility. Okay. A couple of other things I would mention, John, I would, after this call in, the next couple of weeks, find out the details on your loan forgiveness.

That is a huge amount. You need to know exactly what's going on with it. No more head in the sand. Take control of that. Find out exactly what it takes. And then, finally, I would start reading my book together, six chapters once a week. You guys both read the chapter, and you come together, and talk about it. Set aside 90 minutes. Each of you brings your questions. Get a quiet space with no kids around and do that.

Okay. You're both going to become very competent about it, like way more competent than you are now. You're going to feel so fucking good because you're going to be like, how did we get 40 years of our life without ever knowing this? The two of you need to come up with a vision for what you want besides not feeling anxiety, besides not having a gaping wound in your arm. But here's a challenge for you. Both of you live above your means. You live above your means.

So, all these things I heard, like you took a ski trip like yesterday, and I'm looking at, you have like \$125,000 in debt or more, to me, that's crazy. If you have that much money in debt, you don't go skiing. It's just as simple as that, right? So, maybe buckle down, tough times for X months, even X years. But if you do that, you can start saving money, and putting it aside. You can go out. You can go out to dinner once in a while.

I'm not saying you have to become restrictive about everything, but the life you're living with the leased cars, and the skiing, and the this, and then that, you're probably living above your means. And once you read the book, you will understand where the money should be going, and that's going to be a big wake-up call for you. Okay. That's what I would do. If you did that, I bet you that within 12 months, you would make a massive dent in this debt, massive.

By 18 months, the debt would be paid off even faster and faster, you'd be accelerating it, and the two of you would be way more aligned. No more tiptoeing, walking on eggshells, no more fighting, no more mindless Target spending. You'd be spending quality time with your kids with each other, and most importantly, you'd be transmitting these sophisticated money values to your children. Twelve to 18 months to change your life, you can do it.

What do you think?

John: Love it.

Lindsey: I think it's great.

Ramit Sethi: John, who's going to take the lead on his debt is going to become pretty sophisticated with debt. He's going to learn about how to calculate exactly what month and year his credit card debt will be paid off. And John's going to learn, "If I put \$100 per month towards it, it will never be paid off. If I put 500 a month, oh, it'll make a pretty big dent. Oh, my God, if I put 600 a month or 700, that can cut it down by years", right? So, it's just like, whoa, it increases. So then, what John's going to do is he's going to start paying every single month some pretty substantial amount towards it. And why do I say substantial? Because what are you guys not going to be spending money on anymore?

Lindsey: The mindless stuff. We're going to make some cuts. We're living beyond our means and I'm going to stop with the temptations of-

Ramit Sethi: But be specific. These are all words. I want to know exactly, what are the specific places you go that you're not going to spend money at anymore? What are they?

Lindsey: Greek Peak.

Ramit Sethi: Okay. What else?

Lindsey: Beer Tree.

Ramit Sethi: What is that? What is that, a bar?

Lindsey: It's a restaurant. Instead of going—we could go, instead of once a week, let's go once a month.

Ramit Sethi: There you go. Great. You don't have to deprive yourself entirely. Once you're honest, you go, "What the fuck? Okay. Fine. We're still going to go to the restaurant because we like it, but instead of once a week, once a month, and we're going to put it on the calendar, so we are not tempted, one night, we come home tired from work up, 'Ah, let's go over to the Beer Tree.' 'We're already going there in a week-and-a-half, it's already on the calendar, let's just cook some chicken and rice tonight'."

Simple, right? I think you guys have been living in this underwater hopelessness for so long that it's scary for both of you to have a plan and start working toward it. The past has not been good for your finances. So, if I were you, I would find more solace in the future, because that past thing is not doing you any favors, right? And once in a while, you guys are going to break down. Lindsey, you might forget and text him to bring some wine. John, what are you going to say if she texts you?

John: Let's save that money for our vacation.

Ramit Sethi: There you go. Have a vision. Because for you, John, you're just resentful, "Every dollar I make is just getting sucked up." And then, Lindsey, you're too scared, and you've been told that you're not capable of doing this money, and you should just sit there quietly, and let other people do it. So, both of you are just like, "Ah, what the fuck? What am I going to do with this money? Forget it. I'll just spend it in self-soothe."

You have no vision. I mean, some of the vision is just, "What's it going to feel like when we have no debt, but what's it going to feel like when we have a 401(k) that's full? What's it going to feel like when we can go on vacation and stay an extra two days just because, and show our children this amazing part of whatever part of the country you want to go to that they've never seen?" Oh, that's a vision. So, I'd rather take the kids camping than go to Target or buy some wine. Alright.

Lindsey: Thank you so much.

John: Thank you so much.

Ramit Sethi: Yeah.

Podcast Episode 33: We're in debt, but I don't want to make her go back to the corporate world

Synopsis: Martin and Arly feel suffocated by mounting interest on top of their debt and are jaded by the corporate world. Martin earns \$125,000, but Arly is selling essential oils in a network marketing business (read: SCAM!). With \$300 coming in every month, this venture is going nowhere very quickly. The solution seems painstakingly obvious, but their internal narrative is shortcircuiting their logic. I'm going to need to spell it out to them.

Podcast Transcript:

Ramit Sethi: How do you handle money if you and your partner both feel stuck? How do you handle it if you and your partner both tend to ignore it? Today, I'd like to introduce you to Martin and Arly, a couple struggling to figure out how to get out of debt. They've been together for over 10 years. They're not married. And Martin is 53 and Arly is 46. They have recently started to feel the pressure as they wonder if they'll ever be able to retire.

Let me give you a little bit of background on their numbers. They make \$125,000, mostly from Martin's work. Arly runs her own business, but it's only bringing in \$3,000 per year. Martin has \$40,000 in debt and Arly has 7,500 dollars in debt. What's interesting is both of them claim they want to pay this debt off, but when I asked them what their options are, they both seemed to have no idea.

Now, as you listen today, the answer might seem obvious to you, but in this episode, you're going to see how money goes far beyond the numbers. Now, to start, their debt is causing them a lot of stress and it's coming out in peculiar ways. I want to begin with an example that happened to them at a grocery store. I'm Ramit Sethi, and this is I Will Teach You To Be Rich.

Martin: Arly and I got into a raging fight over a bottle of coffee creamer. I said, well, I just can't afford that at the moment.

Ramit Sethi: And how did she react?

Martin: She got very silent. I think it was because I, keeping track of the household budget, was seeing the numbers dwindle to zero every month. And when the numbers get a little low, I start to worry, are we going to be able to pay the bills? Are we able to pay the mortgage? Are we going to be able to pay for all the stuff? Which is \$4 for a carton of creamer isn't going to make a difference to keeping a roof over our head.

Arly: I own a business, but it's not making nearly enough money to help out. It puts a lot of strain on our relationship. We don't necessarily talk about money, because we always end up fighting. So, I have no idea what's going on with finances. I don't have access to his accounts. If he ever were to pass away, I would not know passwords, so I think it's just about being at least educated just to know what is going on.

Martin: I'm a little surprised because she's never mentioned that she wanted to participate in our finances. I always kind of got the impression that she wanted to avoid having to deal with money.

Ramit Sethi: This is surprisingly common. Couples will go 30 years without really talking about money, and when they sit down with me, they're shocked to discover that one of their core assumptions about their partner was wrong. Sure. Every couple will dance around money. They'll hint about it. Some will fight

about it and argue about spending on groceries or vacations, but those are just symptoms. Very few people will have regular, consistent conversations about designing a rich life together. Okay. Well, this is interesting. So, Martin and Arly, you've been together for over 10 years, and only now, in the first few minutes of our conversation, have you realized there's a misunderstanding about money. Would either of you care to ask the other partner, maybe clarify expectations?

Martin: Arly, how much do you want to participate in the household running of the budget?

Arly: I want to just know what's going on, because otherwise, I just feel like I just live here, I'm a roommate.

Martin: The numbers are pretty much the same each month, but yeah, I'd be happy to have that conversation.

Ramit Sethi: Okay. That was good. How do you both feel about this so far?

Martin: It's a good first step.

Arly: Yeah.

Ramit Sethi: Is it going to solve all the problems?

Martin: I don't think so, no.

Arly: No.

Ramit Sethi: Why not? I thought information solved it all.

I can understand Arly's need to feel included. When we don't feel heard at work, in our families, and even in society, we often act out in very weird ways. People become nitpicky about their partners. They throw tantrums. They do all kinds of odd stuff. So, I appreciate Arly for speaking up here and asking to be included, but I also want to point out that she asked for information. Did you catch that? As if the information is going to solve everything.

In America, we have a deep infatuation with the idea of information. We believe that information alone persuades people, as in giving people the information and letting them decide. I studied social influence and persuasion at Stanford. I can tell you that information alone is extremely unpersuasive. Americans believed that making CEO pay transparent would reduce it. It increased it.

We believed that showing calorie counts at restaurants would change the obesity epidemic. Wrong. Information matters, yes, but it's not the magic answer that everyone thinks it is. When it comes to your money, lots of you believe that you just need to sit down and figure it out, which is code for getting the information all out on the table. But get real. You could do that in five minutes. The real issue with money is much deeper than information or even math.

What matters, sometimes, even more than math, is psychology. And Arly and Martin intuitively understand this, because when I jokingly ask them, if will information solve everything, they laugh and they say no. That's because they know that information won't solve their problem, and yet that's what they came to me asking for. I think there's something else going on here that's not being said, so let's go deeper. I want to understand what their rich lives are.

Arly: I would love to travel and have that freedom. I don't want to just survive, like thrive.

Martin: Being able to do what we want to do rather than what we have to do to get by.

Ramit Sethi: You can tell a lot about someone by how they describe their rich life. I just heard Arly and Martin describe theirs, and they sound fairly aligned on the surface, but do you know what they want? Do they? If you rewind, listen to them describe it again. What you'll hear are a lot of generalities, including words like freedom and travel. Those are just words.

They don't describe exactly what somebody wants. Your use of the word travel is different than my use of it. And in Martin and Arly's case, the way Martin sees travel is probably totally different than how Arly sees it. I have some suspicions about what's going on, but I want to know more, so I want to start by finding out where their debt came from.

Martin: It's been in small amounts, courses that have been taken, school quotes for the kids. Honestly, I couldn't tell you a single specific thing that was a large amount. It adds up.

Ramit Sethi: When you think about your money, what's one or two words that come to mind for you, Martin?

Martin: Ah, crushing weight.

Ramit Sethi: Yeah. Arly, same question for you.

Arly: Love and hate. Love and hate my relationship with it.

Ramit Sethi: Tell me.

Arly: It's so lovely when you get it and hate that I have to look at every price before I buy.

Ramit Sethi: Yeah. Have you done anything to make a change?

Martin: I started my own registered company, which allows me to pay Arly, and to a lesser extent, the kids' money, which I can do so tax-free. So, considering the high tax bracket that I'm in, results in a significant sort of savings. So, the money stays in the family rather than going to the government.

Ramit Sethi: You're both very intelligent and it's clear that the money you make is going to your rent, it's going to your debt, and it's clear that nothing's changing, it's just getting worse.

Martin: That's kind of why I was excited for the opportunity to talk to you because I'm out of ideas.

Arly: I don't even have ideas. It's like we've hit a plateau. There was just zero movement. I have no idea what to do.

Ramit Sethi: It's pretty interesting what just happened. They've given up at the first hurdle, and instead of finding a solution, they have essentially decided that they're helpless and they don't know what to do. I have to tell you, I'm not very impressed with Martin's idea of starting a registered company, so he can pay less taxes. First, that's not really how this works. This is a gimmick. It's not a real solution. Second, pay your fucking taxes.

When I ask what else he's tried, Martin's comment reminds me of that famous quote from The Simpsons, "We've tried nothing and we're all out of ideas". Okay. Now, the good news is they came to me for help, and that is a big step to ask for help and for both of them to be here together. But something is blocking them. Notice that whenever they think about themselves and their situation, they stop trying to find a solution and they essentially give up. I want to get them out of their situation, I want to get them out of their heads, so I propose an exercise.

Okay. Let me describe another couple. They're called Max and...

Martin: Abigail.

Ramit Sethi: Abigail, thank you. Max and Abigail. Ah, Max and Abigail are a very nice couple, and they are about 50 years old. And Max earns \$125,000. Abigail earns about \$3,000. And together, they have \$90,000 of debt. What should they do?

Martin: Sounds like they're in the same boat we are.

Ramit Sethi: Yeah, they're suspiciously similar to you. I know, it's weird. I represent Max and Abigail. Do you want to ask any questions of this couple?

Martin: Can they make more income?

Ramit Sethi: Yes.

Martin: Okay. Can they reduce their expenses?

Ramit Sethi: They could probably reduce it by 10%.

Martin: So, it would seem that making more money would be the solution for—I mean, that and winning the lottery, that's always a good answer.

Ramit Sethi: Yeah.

Before starting her own business, Arly used to work in customer service. And when she had that job, her income was much, much higher, and therefore their joint income was higher. They were more comfortable financially. It seems like there's an obvious solution here on the table, but no one is willing to talk about it. Arly, you have the chance to now ask a couple in a very similar situation to you certain things.

Arly: Well, you said to make more income, so can Abigail go back to work full-time?

Ramit Sethi: Abigail, yes.

Arly: Would that help...

Ramit Sethi: Keep going.

Arly: With that money, can you reduce the debts?

Ramit Sethi: Yes, dramatically.

Arly: How?

Ramit Sethi: The more she puts towards the debt, the faster it will be paid off. How much do you think Abigail can earn if she gets another job? How much can she make per year?

Arly: About 50.

Ramit Sethi: Okay. Just so we're clear, I'm talking about how much you could make if you got a job.

Arly: It's about 50.

Ramit Sethi: Okay. I just got to step out of this simulation for a second.

Arly: No, I got it.

Ramit Sethi: Very good.

Arly: I'm following. I'm following.

Martin: It was subtle, but-

Ramit Sethi: Okay. 50K. Right now, Abigail is making \$3,000 a year, but now, Abigail can make \$50,000 a year.

Martin: I think the block here is that neither of us particularly wants Arly to return—if we dropped the simulation for a moment, neither of us particularly wants Arly to return to working in the corporate world. We believe that her business has the potential to grow tremendously, whereas working at a corporate job, we kind of know what the ceiling is, and that's it. We need to rethink that, either in terms of her working part-time, or full-time return to corporate, or if there's, in fact, a solution where we can make this work on one income until her business does take off.

Ramit Sethi: Okay. Well, let's find out. A few questions and we'll know the answer. Arly, when did you leave your full-time job?

Arly: 2019.

Ramit Sethi: Okay. A couple of years ago. And what were you doing at that job?

Arly: Fifty-six.

Ramit Sethi: Fifty-six. Very good. And since the time you left, have your finances gotten better or worse?

Arly: Worse.

Ramit Sethi: Mm-hmm. How much do you make from your current company?

Arly: \$300.

Ramit Sethi: Per month. Uh-huh. How much are you going to make next month?

Arly: Same.

Ramit Sethi: Yeah. And, Arly, what kind of business is this?

Arly: Network marketing.

Ramit Sethi: What are you selling?

Arly: Essential oils.

Ramit Sethi: No!! Network marketing selling essential oils, oh, my God, is there a bigger scam on Earth? Arly, how did you get into this? A Facebook group?

Arly: No, no. Somebody that I know.

Ramit Sethi: Oh, God. And what did they tell you, if you get in, then you can make a bunch of passive income, and then other people will be working for you, that kind of thing?

Arly: Yeah, something like that.

Ramit Sethi: Mm-hmm. And is your friend making all that money?

Arly: She is actually.

Ramit Sethi: Uh-huh. What kind of car does she drive?

Arly: She drives a Porsche Cayenne.

Ramit Sethi: Yeah. It's no good. No good. You're not going to make it with this business. Do you know the percentage of people who succeed with this type of business?

Arly: Yes, I do.

Ramit Sethi: What is it?

Arly: It's like 1%.

Ramit Sethi: Yeah. And how long have you been doing this?

Arly: About three years. I did it part-time before, so-

Ramit Sethi: Arly, you're the 99% of people. It doesn't work. You're the exact person. You've paid, you bought all these things, you've been spending all this time, you used to make \$56,000 a year, your finances have gotten worse, you are the 99% of people for whom this doesn't work. What do you think? Talk to me. It's okay. This is tough to hear, I know. Talk to me. I want to hear what's going through your mind. Is it difficult to hear? No. You're shaking your head no. Is it surprising to hear? No.

Arly: It's not, because it's something that I have voiced before to Martin, many times, actually, but I had to leave my corporate job because I was just not happy doing that. I was just not happy. And the stress and everything that came with that specific job led me down a path of anxiety and depression, so I needed to leave it regardless. Regardless. So, though I understand that my going back to corporate would help us financially, to put my mental health, what's the word I'm looking for?

Ramit Sethi: At risk.

Arly: At risk, it's not very appealing. I work in customer service, so I mean, it's tough to come to terms with that.

Ramit Sethi: Yeah. I agree with a lot of what you said. I don't want you to have to go and compromise your mental health. I'm not telling you, you have to go back to the company that you used to work for, that caused you to feel this way. First of all, I can't tell you to do anything. This is your life and the two of you

make decisions. What I can do is point out some things you may not have considered. Okay. I understand if you have to leave a job because it's not serving, and you did that. That was pretty courageous. Unfortunately, you took a wrong turn.

I hate multilevel marketing and I hate network marketing. It's almost always a scam. When 99% of people fail at something, you can generally treat that like a red flag. These business models are structurally corrupt and they intentionally prey on vulnerable people, including minorities and the poor. The quintessential example is a stay-at-home mom who joins a Facebook group of other moms pushing some MLM with dubious results. Data has shown very clearly that the vast majority of people in this industry make no money, but the people who join these scams also have to take responsibility.

They joined because they wanted to make quick, easy money. Now, I make passive income from multiple sources, I've been doing it for a long time, and I can tell you there are no magical shortcuts where you become a millionaire overnight. It takes work and it should take work. So, this entire thing is frustrating to me to hear. It's frustrating that these folks prey on people who, in search of meaning, want to make some money. And it's also frustrating to hear that Arly herself joined this essentially to make a quick buck. Back to my conversation with Arly.

If you want to start a business, okay, but start a real business. The one that you chose was a bad business. Just look at the last three years. I'll just ask you one question. Is it working for you?

Arly: No.

Ramit Sethi: Okay. Good. We have to be honest, honest with ourselves, and honest with the people around us. It's not working. So, you can keep doing it and keep hoping that next month or next month it's going to turn right, or you can make a change. I'm not going to tell you what to do. Let's just start with a simple question. Do you want to keep going down this route or do you want to make a change?

Arly: Well, no. We're here because we want to make a change.

Ramit Sethi: Great. I'm happy to hear it. Awesome. Now, let's talk about what that looks like. I get the sense that you are immediately jumping to the idea that you have to go back to that old company or a company like that. Is that accurate?

Arly: Yes.

Martin: Well, in her defense, the last two companies were like that.

Ramit Sethi: Uh-huh. So, you feel, what, it's a trend that all companies are like that, that you just want to get out of the corporate world?

Arly: I don't think all the companies are like that, but I think I started on the trend back when I was in university, that when customer service was the in thing, so all of my summer jobs were customer service or reception. And because I'm trilingual, I do get paid more for doing that kind of work, and as you know, customer service, it's not always pretty, and et cetera, et cetera. So, like that's my expertise, that's where I want to go. That's my expertise. My expertise on my resume is in customer service. So, yes, I would think that I would need to go back to that because that's what I know.

Ramit Sethi: Which of the things you said are true and which of the things you just said are assumptions?

Arly: Assumptions, that I have to go back to a company just like it?

Ramit Sethi: Correct. And which of the things you said are facts?

Arly: That my expertise is in customer service?

Ramit Sethi: Yeah. That's a fact. That's what's on your resume. You can't change that. That's a fact. But you're right that you assumed that you would have to go to the same type of companies you used to work for that made you unhappy. Now that you are so good at making negative assumptions, I want you to flip that and make a positive assumption just for a second. Just play with me. Give me a super positive assumption on what might happen if you were to go get another job.

Arly: That I don't necessarily have that. A company will allow me to do more than just customer service. Because I do have experience, they'll pay me more than the \$50,000.

Ramit Sethi: Good. Anything else? How would you feel coming home from work?

Arly: And I would feel great coming home from work.

Ramit Sethi: Okay. So, listen, if we're going to assume things and we're just going to make it up, I'd rather assume positive, instead of negative. I'd rather assume the scenario where I find an intellectually stimulating and cool job, that takes advantage of my skills, and because the market is way up, they're going to pay me more. I mean, if we're going to choose our assumption is you just make it up, why not just choose the positive ones? What do you think?

Arly: I agree.

Ramit Sethi: Okay. It's very intoxicating to focus on the negative assumptions. Why do you think that is?

Arly: I think, sometimes, it's the default, number one, and I think, sometimes, that can be your comfort zone.

Ramit Sethi: Tell me more.

Arly: It's just easier to think negatively, easier than to be positive.

Ramit Sethi: What do you feel? Think hard. Really close your eyes and think, when you get into that negative space, that negative mindset, maybe you're talking to Martin and you're going, "I can't go back, last time I was there, my boss did this", what are you feeling in your body at that moment?

Arly: Anger.

Ramit Sethi: Keep going.

Arly: Resentment. A little bit toxic, to be honest.

Ramit Sethi: Toxic, what does that mean?

Arly: Yeah. Like I do feel gross when I allow myself to be super negative. Say, if I'm talking to Martin, I feel kind of like, oh, my God, I just like vomited all this grossness.

Ramit Sethi: But that's after, isn't it? I'm talking about during.

Arly: During, definitely, anger. I think that's the anger. Resentment. I think those are the two predominant ones for me.

Ramit Sethi: Yeah. And where do you feel it in your body?

Arly: Like in my solar plexus, I guess. I don't know.

Ramit Sethi: Stomach, yeah.

Arly: Stomach area, yeah.

Ramit Sethi: Okay. You're just feeling this anger and resentment, it's kind of a hot emotion, isn't it?

Arly: Yes.

Ramit Sethi: Yeah. Now, can you think about something you talk about where you're happy? Well, maybe your kids or some nice memory you had. Can you think of something that comes to mind for you?

Arly: Oh, I think when we talk about when we used to live in California.

Ramit Sethi: Great. Okay. So, when you talk about that, describe to me what you feel.

Arly: Peaceful, happy, optimistic.

Ramit Sethi: Hmm. It's interesting. Those words are all positive versus anger and resentment, so why do you think that that negative space is your comfort zone?

Arly: Sometimes, it's easier to feel shitty so that you, I don't know if I'm going to say it correctly, but like I victimize myself and just think about all the shitty experiences so that I don't have to go back to that.

Ramit Sethi: Yeah. Yeah. So, you go, "They did this to me. That company mistreated me. I felt angry. I'm never going back to that." It's almost righteous. You're creating the shield around yourself, you're saying, "I'll never go back to that", and you feel angry, resentful, all these hot emotions, and then what happens right after that?

Arly: I feel shitty.

Ramit Sethi: You feel shitty. And do you make any changes, whatsoever?

Arly: No, that's the thing. And I think that's where we are right now.

Ramit Sethi: Yeah. So, based on what we've talked about so far, Arly, what do you think your potential next steps are?

Arly: Looking for a job that I can like, maybe even love, or make good money to help us get out of all the debt and we can thrive, and start thriving.

Ramit Sethi: Martin, what do you think?

Martin: I agree. It pains me to ask her to give up the idea of doing her own thing. And I guess I've had such a negative interpretation of the corporate world as well based on my current experience, that I loathe to ask her to do that again, but yeah, I kind of think that seems to be the obvious solution at the moment.

Ramit Sethi: I agree. I think that you two are so blocked from the obvious answer, right? The obvious answer is one of you is earning income, and the other one is not, both of you should earn an income, and

pay off this debt fast. And so, it was very puzzling to me that both of you seem completely unable to come up with this idea.

Martin: Yeah. We have talked about it, I can confirm that, and as I said, I'm comfortable with the fact that I thought she could make the business work, also, I didn't want to be the mean guy to ask her to sort of break her heart and go back to these mean people, who, over the last three jobs, between the two of us, we've had a very negative experience.

Ramit Sethi: Do you see how you also are making assumptions, that if you were to set some expectations in the relationship or to have a candid conversation with your partner, that suddenly, you're the bad guy? I don't think so. I think you're drowning over there with 125K and all this debt, and you're sitting there getting super pissed about a 4-dollar coffee creamer, but you can't bring yourself to do the one thing that will make a change. What is that one thing?

Martin: Communicate.

Ramit Sethi: Specifically?

Martin: Talk about money and make her go back to work.

Ramit Sethi: Yes. Have a conversation about her going back to work. Not make her, but talk to her. And that communication means, "Hey, look at the numbers, like I'm doing a pretty good job here, I would love any advice you have, but the fact is we just don't have enough right now to get out of this debt, much less to thrive, not survive. I need your help as my partner. Let's brainstorm some ways to do it", right? "I would never want you to go back to a job that you hate, that makes you sad, but I do need financial help. I need you to be my partner in this." That's communication. And, Arly, your perspective that you've been burned so many times, I'm sorry that happened, I hate that it happened, but ultimately, you've got to turn the page, because right now, you will be in debt forever. You guys are 50 years old. This isn't going anywhere. It's time. So, how are you going to do it?

Martin: Well, I think, as you said, we need to change our attitudes towards what jobs are and what we want to do to earn that money and focus on finding both of us jobs that we enjoy doing.

Ramit Sethi: That'll be good. It's hard for two partners to get excited about jobs if both of you hate your experiences. Boy, wouldn't it be amazing if one of you got an awesome job, and then you came back and reported home like, "This job is awesome. My boss is great. I love the work I'm doing. I'm respected", right? All this stuff that we teach in our programs, you can find these jobs. By the way, it's the best time in history to find a job. It's incredible right now. They're paying a lot. There are a million opportunities. But none of that changes unless you change your perspective. Number one, do I believe that it's possible to find a good job? Yes, of course. Millions of people have awesome jobs. People at my company have awesome jobs, and all over the world. Second, do I think I can do it? Okay. Maybe, maybe not. I need to learn some skills in finding the right job, interviewing, and negotiating, but I think I could do it, I'm smart. Third, will it change our financial lives? Undoubtedly. To be able to bring in an extra 3,500 bucks a month or \$4,000 a month would be amazing. What do you think, Arly?

Arly: No, I agree.

Ramit Sethi: You joined a network marketing business selling essential oils, that's never going to work. You fight in the weeds about 4-dollar coffee creamers, but you neglect the two things that are staring you right in the face. One, Arly, gets a job. That's going to transform your finances. And two, build some basic competence around personal finance because you have a considerable amount of debt. You can take control of it. Two things, straightforward, simple, might even say boring. They're the only things that work.

The real question for the two of you to ask yourself is, why haven't you done those on your own? They're so obvious and straightforward.

Martin: Yeah. It's kind of like I said when I said that the advantage of doing nothing was it didn't get any worse, but in fact, it is getting worse when you're doing nothing. We know the interest is piling up. We know that that six-foot hole in the ground underneath us is sinking, and we're not staying at six feet, we're going down, but I guess we've just been telling ourselves that things aren't getting worse for a long time, even though they are.

Ramit Sethi: I think you're both finally telling yourself the truth. Nobody can make the change for you. Nobody. Nobody can find a job for you. Nobody can do your finances for you. Only the two of you can. And the way for both of you to make that happen is to envision, what happens if we make no changes. And the answer is quite predictable, you already know the answer, I don't even need to tell you that. What happens if we make a change and it goes well?

I note that both of you when you talk about making a change, kind of default to the negative. It's quite intoxicating for both of you. I think you get off on it. And we talked a little bit about why, but I think there's a lot more beneath the surface of why you both love to discuss what could go wrong, instead of what could go right. And I get that, by the way.

I feel, sometimes, when I'm talking about something terrible that happened, it can feel kind of energetic, it's like gossip, oh, my God, I can't believe they did that. I understand it. I'm smiling right now as I'm saying this to you, I get that. There's a time and a place for that. But when it's causing these real financial and relationship problems, boy, sometimes, it might make sense to put that stuff aside and rewrite the context of your relationship. Do you have a clear sense of what you're going to do next?

Arly: Yes.

Ramit Sethi: Okay. Martin?

Martin: Yeah, I've got to stop worrying about hurting people's feelings and engaging in conversations, and also find something that I enjoy doing more, rather than just accepting the status quo just because it pays the bills.

Ramit Sethi: I enjoyed talking with Martin in Arly today. They were here to change. And even when I pointed out some difficult truths, like Arly needing to quit her network marketing business and likely find a job, they listened. And I know some of it was tough to hear. So, I want to thank them for being so open and so courageous to come on the podcast. The central question that I asked them was, why didn't you come up with this solution on your own?

Because when you zoom out, the answer seems obvious. They're drowning in debt, Arly makes less than \$5,000 a year, and Martin can't do it alone. Therefore, Arly needs to get a job. So, my question, again, why didn't they come up with this answer on their own? This is where psychology matters. Arly had some legitimately terrible experiences with prior jobs. Martin wants to be supportive. Neither of them has communicated about the actual state of their finances. So, from the outside, it's easy to judge couples like this and say, "LOL, how obvious? Duh."

But here's the uncomfortable truth, if you or I had gone through the same experiences that Martin and Arly did, it's likely we would be reacting in the same way. One of my goals with this podcast is to show you how money and psychology interact. I want to help you understand your attitudes and behaviors with money by taking you behind the closed doors of other couples.

Podcast Episode 34: It's unromantic if my boyfriend doesn't pay for date night

Synopsis: Ashley and Josh both have high incomes but they find themselves arguing about who pays for what. Like a few past guests, Ashley thinks certain things are the man's responsibility to pay for, but Josh wants a partnership. He feels like her spending is more out of obligation than true togetherness.

These unspoken expectations are toxic. They're eating away at what they both like about being together, and they need to be addressed right away.

We all have internal beliefs and expectations around money, and they have deep roots. Let's do some digging with Ashley and Josh to see what we can uncover.

Podcast Transcript:

Ramit Sethi: What do you expect when it comes to money? Do you expect your partner to take the lead on paying for things? Do you expect them to buy you gifts? Do you expect you both to chip in 50-50 for joint expenses? All of us have expectations around money, but very few of us interrogate our own beliefs. We rarely talk about our expectations candidly. We seldom sit down and share what we expect, because most of the time, we don't even realize what we want. In today's conversation, you're going to hear what happens when two partners have very different expectations of money.

Meet Ashley and Josh, who recently started dating, and they've started to talk about moving in together, getting married, and even having children, but they have an issue that they described to me as 10 out of 10. Ashley thinks that Josh should pay for everything when they go out for date nights. As I spoke to them, I started to peel the layers back of their expectations, and at one point, I heard Ashley dance around what she wanted, and I encouraged her to just say it out loud, she was almost physically unable to ask for what she wanted.

You're going to hear more about this in today's episode. As a little bit of background, Josh didn't mind paying for Ashley when she was unemployed, but he thought it would be temporary. So, after she got a job, he was surprised that she still expected him to pay for certain things. Now, Ashley earns \$140,000 a year. That's 70K base, and she's on track to earn 70K of commissions, maybe more. She has \$18,000 in debt. Josh earns \$160,000 and he has \$70,000 in debt.

Now, you may remember this dynamic with an earlier couple on the podcast, Pablo and Monique. That was Episode 17, called I Think He Should Pay for Everything Because He's the Man. This might seem like the same situation, but there are crucial differences, including the fact that Josh and Ashley are both in their mid-30s with similar incomes. Let's listen in to Ashley and Josh on I Will Teach You To Be Rich.

Ashley: I feel like there's always some sort of fight heightened around it based on money and who's expected to pay. He feels like I expect him to pay for dinner, so I wouldn't say it's like a one-off situation, but last time, we went out to dinner with them, I knew that he had some anxiety around paying, I don't think we've ever gotten out for dinner with them, and the bill's been under like 200 or 250 a couple, I

ended up picking up that check, so there wasn't a fight around the last time, but any prior dining experience we've had with them, he's quick to say no, because he assumes that he will be picking up the check.

Ramit Sethi: And out of the last 10 times you've gone out with them, how many times has he picked up the check?

Ashley: Every time, except for the last time.

Ramit Sethi: So, why are you only mentioning the last time in that example?

Ashley: Well, you said the last time.

Ramit Sethi: Okay. So, nine out of 10 times, he's picked up the check. The check tends to be at least a couple of hundred bucks for the two of you, at least. So, what happens when you propose, "Hey, we want to go out with this couple next weekend, what do you think?", what is that conversation like?

Ashley: I feel like it is me making sort of like excuses of why we're going out with them, like, we haven't seen them in a long time, you like them, just trying to like to create some sort of like friendly environment around it, so he's not immediately thinking, "Oh, well, I have to pay for it?" He does like this couple very much, it's just we do have this history of only going to restaurants that cost a lot of money, and Josh values spending money on experiences, where I do as well, but I also love wining and dining.

Ramit Sethi: Notice the pattern. She's asking, he's deciding. It's a common dynamic. Personally, it's one that I hate. And you see it a lot in straight couples, it's almost always the woman asking, making the case, trying to convince her partner, and then the man sitting back, crossing his arms, and coming up with reasons to shoot it down. I hate this dynamic because it's invisible to the participants, they don't even realize that it's a dynamic.

And if you ask them why, they'll often be visibly startled. If I push, they'll often admit "Well, that's how their parents did it". I also hate it because they don't realize there are other ways. When I ask them, do you want to go the rest of your life with one of you trying to make the case for something and the other coming up with reasons to say no, they'll both readily admit, no, they don't want that.

What they're missing here is having a common goal. You really should not be fighting over the price of asparagus, or at a certain point, going out to dinner. These are three-dollar questions or 100-dollar questions. And ultimately, I want you to be thinking much bigger than this. So, I just want to point this dynamic out to you, because it's really common and it's often invisible to the people in it, but it can be very, very destructive.

Ashley: At the beginning of our relationship, I wasn't working for the first time in a long time in my life, so he was paying for a lot of things during that part of our relationship. Once I started working at my current job, I did have some expectations of him paying for dinners on date nights like that.

Ramit Sethi: What kind of expectations?

Ashley: Just because he's the man and he's the boyfriend, and I just come from that kind of world and environment, where especially on date night, I just feel like the guy needs to pick up the check. I think he does have a pretty good idea of what I want, and that's come to light I feel like this last week, and we've had some pretty tough conversations about it.

Ramit Sethi: Like what? What happened?

Ashley: Josh, are you okay with me sharing?

Josh: Yeah. Say the right thing, yeah.

Ashley: Specifically last night, we had a conversation just around us moving in together, and kind of just expectations about what the future looks like, and getting engaged, and married, and kids. And I have had a notion in my head, doesn't mean I'm not willing to try something new or change it, it definitely led to a tough conversation, and me crying, and just being upset, and I could tell he was, visibly upset, but it all ties back to money.

Ramit Sethi: Okay. I want to ask you a couple of questions about these expectations. A lot of times, often with gender roles, especially, everyone's got these hidden expectations, and nobody wants to come out and say it, because it makes it unromantic, and so people go 50 years resentful of their partner. All could be solved with a single conversation. So, you mentioned he's the guy, he's the boyfriend, finish that sentence, he should pay, because what?

Ashley: Because he's my boyfriend and I feel like that is the gender role. Now that I've been in my job for the last five months making good money, I feel like I've contributed more, but there is still somewhat of that expectation of him picking up the check more than me, I just feel like on date night, it's more romantic when the guy does it.

Ramit Sethi: Okay. And if he pays for you, that means what?

Ashley: I don't know, because I know that he loves me, I know it has nothing to do with love or anything like that, it just is something I'm used to.

Ramit Sethi: Mm-hmm. Does it make you feel a certain way if he pays for you?

Ashley: I mean, makes me feel good. It makes me feel, I guess, yeah, loved.

Ramit Sethi: Mm-hmm. Isn't that interesting? At first, you said, "It's not about love. I know he already loves me.", and yet 10 seconds later, "When he pays for me, it makes me feel loved".

Ashley: Yeah.

Ramit Sethi: Are there any other words you would use to describe how it makes you feel when he pays for you?

Ashley: Special.

Ramit Sethi: Mm-hmm. What does that mean?

Ashley: That I'm the girl in his life, and he wants to show that I'm special and that he loves me by taking me out on date night. And it doesn't have to be a 200-dollar dinner. Date night could be \$75, it's date night.

Ramit Sethi: What if he doesn't pay for you? What does that mean?

Ashley: Normally, I feel like we've talked—well, we haven't had the situation on "date night" where he hasn't paid, but like last weekend, we went out just for like an easy Friday night dinner, I ended up picking up the check. Again, I did not tell him ahead of time, I just did it when we got there. I know that he would like me to tell him ahead of time, so he's not, I don't want to say stressed about it, but he's not just automatically assuming that he's going to be picking up the check.

Ramit Sethi: And how about if it were at the dinner with this couple or any other friends, and the bill comes in, he just casually lets it sit for a while, and eventually, you pick it up and pay for it, how would that make you feel?

Ashley: I would probably be pretty upset afterward, in terms of like, not because I had to pay for it because you just like left it sitting there and I just wouldn't want to be embarrassed in front of our couple friends.

Ramit Sethi: Okay. Let's play that out one more time. The bill comes and he pushes it towards you.

Ashley: I think that's rude.

Ramit Sethi: Okay. So, no matter what, you're not going to feel good if he's not paying, is that correct?

Ashley: Yes and no. Like yes, I do want him to pay, but I wouldn't be upset paying in the end, but I would be upset with him either pushing the bill towards me or letting it sit just more out of embarrassment and not having had this conversation beforehand.

Ramit Sethi: Great. Okay. Thank you.

I was gently pushing her to answer the question because I wanted to understand her beliefs about why she thinks Josh should pay. And from her answers, I have to tell you, I'm a little confused. She claims that she wouldn't be mad if she paid, but when I probed her, there was not a lot of consistency in her answers. I will say that I admire how honest she is about her beliefs.

When it comes to gender roles, they are some of the most subtle, invisible scripts that exist. There are tons of unwritten expectations when it comes to dating, relationships, and gender, but very few of us are willing to say them out loud, to articulate them explicitly. Ashley is, so I appreciate that. But when I tried to push her further to understand why she believed those things, that was a different story.

Josh: I feel like things should start in more 50-50 for this type of stuff, and then we go from there together.

Ramit Sethi: And 50-50 to you, what does that mean, exactly?

Josh: I've mentioned that if somebody's budget is outside of what the other one's comfortable with or suggests something that the other one isn't necessarily like part of their normal deal, we should start at a more reasonable level, then if we're comfortable elevating that, we should. So, if we want to go to a 300-dollar dinner, like, hey, do you want to spend that right now? Yes, cool. Let's go. No. Is it not a good idea? Should we split it? But it should be talked about a little bit ahead of time, because, again, it kind of sours it, and as you mentioned, the expectation is that I'm going to pay for these every time.

Ashley: Even though I might be going into a dinner with or without this couple thinking about paying for dinner, I'm just not as communicative about saying that, don't worry, I know we're going out to dinner tonight, like I've got this.

Ramit Sethi: Okay. Why do you think that is?

Ashley: Sometimes, this is going to sound so weird, but it's like I want him to read my mind, but I know that he can't.

Ramit Sethi: Mm-hmm. If you had to bring up who's going to pay for the meal ahead of time, Ashley, how would that make you feel?

Ashley: Annoyed.

Ramit Sethi: Mm-hmm. Why is that?

Ashley: Because I want him to pay for it.

Ramit Sethi: Okay. We just cut right to the end of it. Okay. So, ultimately, you want him to pay for it. Okay. Fine. You're being very open with what you want and what you expect. And so, you're telling me that if you had to proactively start a conversation, where you're going to have to go out of your way and say, "Hey, Josh, even though I want you to pay, I will have this uncomfortable conversation and I will pay", that would be annoying to you.

Ashley: Yes. And it would also be annoying to me if we said, "Okay. We're going to dinner Friday night with this couple", and if then he said to me, "Well, like I want you to pay for this", like I would be annoyed.

Ramit Sethi: Because?

Ashley: Would I say no to dinner because of it? No. But just because like it's date night, I want him to pay.

Ramit Sethi: Date night equals he should pay. Is that right?

Ashley: Most of the time, yes.

Ramit Sethi: Is that 100%?

Ashley: No. Because like I think we have casual date nights where I'm more than happy to pick up the check, like the nicer date nights.

Ramit Sethi: Okay. And why is that?

Ashley: Just because I feel like that's what should be done.

Ramit Sethi: Uh-huh. Keep going.

Ashley: It's like it's what I've had in the past. It's what I've grown up with. It's what I'm used to. Back to that what I expect situation.

Ramit Sethi: Yeah.

Okay. I think I reached the end of what I can get from Ashley about her attitude towards paying for dates. That last sentence says it all, "It's what I had in the past and it's what I've grown up with". So many of our money beliefs, especially ones in areas like dating and relationships, boil down to, I expect X, because that's what I had and that's what I've grown up with. That can make perfect sense for the person saying it, but it can be very frustrating for the other partner in a relationship. I'm wondering, are you curious when this first started happening?

Josh: When we first got together, I knew that she was very capable, smart, attracted to a lot of great things, about Ashley, and she didn't have a job at the time. But I know she had a job before, it was during the pandemic, so didn't typically judge that situation. So, these dinners are kind of a buildup of more of a history of things feeling a little out of balance.

And I'm okay with some of the more traditional gender roles in certain ways, but I feel like it starts with balance, and then you kind of see where things fall there. And I don't feel like we've re-centered since she's been working again, because I've picked up a lot of slack. We maintained a pretty fun life last year beyond dinners which was generally the same budgetary situation.

Ashley: So, I feel like my spending is genuine, but I feel like he doesn't think that it is.

Ramit Sethi: Well, ask him, Is that true? Ask him.

Ashley: Josh, do you think that's true, that it doesn't feel genuine?

Josh: Somewhat. Mm-hmm. That it's a little bit pick and choose, you do it, I feel like, to kind of check it off out of the box now and then, and it's not like a genuine we're in this together situation.

Ramit Sethi: So, I heard both of you explain that you want to be part of a team, which is great. You're both on the same page there. And I heard that both of you would like to have better conversations, preferably ahead of time. That's awesome. But now, I just want to cut to the chase. So, in your ideal world, Josh, you have this conversation about this dinner, so what's the decision you're both going to make? Who is paying?

Josh: I think it's just based on what the communication is at that time. For example, if someone's recently received a bonus, or if they've made a payment towards some debt that we're trying to do, or it should just be towards our shared goals together at this point in the relationship, like-

Ramit Sethi: Can I tell you something?

Josh: Yeah.

Ramit Sethi: You want to have this conversation every time you're planning to go out to dinner?

Josh: No.

Ramit Sethi: It sucks. Look at her face. Look at her face. What is she doing right now?

Ashley: So unromantic.

Josh: I don't want to have this conversation every time we go out to dinner.

Ramit Sethi: Okay. She just said something really important. What did she just say and what do you want to do about what she just said?

Josh: I didn't hear her.

Ramit Sethi: She said, "So unromantic". That's like a huge red flag. When she says those two words, "So unromantic", you know what my first instinct is if I'm in your chair right now? I go, oh, that's interesting, tell me more, what do you mean by that? Do you know, Josh, what she means by those two words, "So unromantic"?

Josh: I'd love her to explain. That way, I don't assume.

Ramit Sethi: Please.

Ashley: I think especially as women, we all want some sort of fairy tale of some sort. I'm not looking for the cupcake wedding dress in the castle on top of the hill by any means like that, but in terms of romance, I still want romance. I still want to be swept off my feet by him. And he does do so many thoughtful

gestures, I mean, probably one of the most thoughtful gift-givers I've ever met in my life. I'm referring to more of like typical date night, get dressed up, and go to a nice dinner. I just want to go have some good food, some wine, come home, be romantic with each other, and not think about the check, or the bill, or who's paying, or the conversation we had, and if it turns into a fight because that's where it becomes unromantic.

Ramit Sethi: Okay. What does romantic mean to you when it comes to these dinners?

Ashley: Just unplugging, being just the two of us together, reconnecting after the week, and just being romantic and loving with each other, and enjoying some good food and wine with our company.

Josh: I want them to be fun, feel natural, and apply to our lives at the moment.

Ramit Sethi: Meaning what?

Josh: Meaning that that's within our like means and budget, but it's because, again, she'd mentioned that, nine out of 10 times, this wouldn't be a subject if there is a little bit more give and take, this wouldn't be a specific subject.

Ramit Sethi: I get it. And what would that number be that this would not be a subject? Right now, it's 90-10. What would it be in your mind?

Josh: 60-40, 70-30, somewhere where it's almost not a surprise like I'm falling out of my chair.

Ramit Sethi: Okay. You know what's interesting? The two of you, first of all, I love that you both want to communicate more. Yes, that's awesome. I'm going to show you how to do that. I'll tell you just point blank, it's super unrealistic to expect to go through this financial investigation before every dinner. It's just not going to happen. And that's okay. I don't think you both need to do that or want to do that, but what I'm hearing, actually, is you're naturally starting to develop these rules of thumb, but I don't think you've realized it.

College athletes are going to wake up at 6:00, because they need to go eat early before everybody else, et cetera. With money and relationships, you're going to develop rules of thumb. Here's what I just heard. Ashley says, "Hey, I will happily pay for these types of dinners, but I would like you to pay for those types of dinners". Wow, that's a rule of thumb. Now, I'm not saying it's right or wrong, and you two can certainly discuss it and negotiate over that, but that's a really interesting rule of thumb.

Josh has mentioned, "It should be within our means". Okay. Those are just words. I would like to be a little bit more specific about that. What does that mean? Are we only spending X dollars or are we never ordering wine? You can discuss and negotiate that, but that's a rule of thumb. And you come up with two or three rules of thumb around these dinners, you never have to have these financial investigations ever. Do you see what I mean?

Ashley: I think having what you were just saying like an agreement of, I'll cover these types of dinners if we go on a date night, maybe you say based on what we can do to get out of our debt and all of that, based off of what's in our budget, how many date nights can we go on in a month or every couple of months, he pays, and then there is like we shouldn't spend over X amount.

Ramit Sethi: Can we just come up with these rules right now? I feel like we're all talking around them. Can we just do it? I mean, I'm here.

Ashley: Okay. If it's a dress-up weekend dinner, where we have a nice dinner and nice wine or cocktails.

Ramit Sethi: Finish the sentence.

Ashley: You want me to give an amount, don't you?

Ramit Sethi: No, I want you to give me a complete sentence. You don't even know, but you are finding it impossible to say one part of this sentence. Give me a complete sentence.

Ashley: I want Josh to pay for the date night dinners, the weekend dress-up date night dinners.

Ramit Sethi: You look like you're physically in pain. I'm enjoying watching this. Josh, is this not fascinating?

Ashley: Because he's going to hate me for this.

Josh: This is great.

Ramit Sethi: So, Josh, I know why I'm enjoying this, okay, I have a very dark sense of humor, but, Josh, why are you enjoying this?

Josh: Because it's good to explore these things and get them out because we say that we communicate well, but we talk a lot.

Ramit Sethi: Yeah, you guys talk so much. You use a lot of words to dance around specificity.

Ashley: I'm super uncomfortable.

Ramit Sethi: Why?

Ashley: Because I have to pinpoint exactly what I'm looking for, and I don't, A, want to upset Josh, and B, I'm a little scared to fully ask what I want.

Ramit Sethi: Why is that?

Ashley: Because I don't want it to ruin or affect our relationship. It's so funny because like in my normal daily life, my work life, I'm very straightforward, I ask for what I want, I get what I want, I'm very convincing, should have been a lawyer, but when it comes to personal life, it's scarier, for sure, because I don't want to either say the wrong thing, whether or not it's something that I want, I'm still scared to say the wrong thing, to not upset the other person.

Ramit Sethi: And if you say the wrong thing and you upset your partner, what happens? Finish that sentence for me.

Ashley: I'm scared of him thinking that we don't belong together, which is, yeah.

Ramit Sethi: And then?

Ashley: And then, we're not together, and then we break up because of it.

Ramit Sethi: Yeah. So, deep down, this concept is that if I say what I want, then he might leave me.

Ashley: Yeah.

Ramit Sethi: Ashley is scared to ask for what she wants. She can barely even utter the words. This is a terrible way to live. It's how we minimize our dreams and shrink our desires until they're snuffed out like a dying candle. I see this pattern in all kinds of people, but it tends to be much more common with women. I've always said that I consider it a tragedy to live a smaller life than you have to, and here, you can see how subtle this is. If you can't even utter the words of what you want, how can you ever expect to live that life?

I would much rather that, Ashley, be open about what she wants, confident enough to discuss with Josh, instead of hiding and hinting. It's not fair to him and it's not fair to her. Right now, she's playing this part of her defensive life. Now, the common reaction for people is to say, "Just ask for what you want", but that never works. There are layers and layers here, and I want to understand what's underneath her beliefs about money.

What do you do instead?

Ashley: I mean, yeah, either hide what I want or I dance around the subject.

Ramit Sethi: She admits it. This is a huge moment of realization for Ashley, and I love that she didn't push back. Pushing back, denying it, that's the natural tendency of someone in her situation who just realized something profound. That makes all of us uncomfortable, so naturally, we tend to lash out or deny it. But not Ashley. She's listening. She's taking it in. This is a very positive sign for our work together. I asked her to tell me more about her expectations for life. Now that she's had a breakthrough and she's being more transparent about what she expects from Josh, what else does she envision for her life?

Ashley: I'm hoping that my parents will pick up most of the tab for the wedding. How much? I don't know. What are we going to have to contribute? Talking about just starting to save for a family. Like last night, he said, "Well, we'll just like wing it. We're not saving." And I'm like, well, that gives me anxiety. Like you can't just wing it. You can't wing it when you have a baby.

You have to start putting aside money for when you want to get pregnant and have a child in the future. And that definitely kind of scared me a little bit and gave me a little bit of anxiety. Last week, I was saying about having a nanny for like a little bit to help out with the baby at first, and then he was saying that like, I live in this like rich world, where that's not normal, and who's going to be paying 50, 60K a year for this nanny?

Ramit Sethi: Okay. And what is your thought about that?

Ashley: This is where it gets hard, is because I grew up, I had a nanny, I had a housekeeper, those were all things that were normal to me.

Ramit Sethi: So, it sounds like you have a vision for the kind of life that you want. You were pretty open with Josh about your vision and what you expect.

Ashley: Yeah.

Ramit Sethi: I want to compliment you on that. That's impressive. Okay. Now, Josh, what was your general tenor as you were hearing this? Like what would you describe your body language as?

Josh: I hate that this is the subject matter, just I hear a lot about money. Like how big is the ring? Where is the wedding? These nanny things. Those aren't what's going to get us through in the long run, things can happen, medical things can happen, crazy things can happen, and the money is going to be a challenge. What about like, are we great partners? Do you trust me to take care of a child?

Like through thick and thin, would we survive together regardless of what the outcomes were? Those are kind of what I was hoping to hear more of, versus how much rings cost and things like that because it kind of kills the vibe for me. Like we've been together for a year, we'd love to propose as soon as the opportunity presents itself, but when I hear about the ring cost and I picture it, it kills the vibe.

Ramit Sethi: It's interesting, Josh, you say that it kills the vibe, it reminds me very much of when Ashley said that it's not romantic to talk about who's going to pay for dinner. Do you both see that you feel the same way, but you just use different language to describe it?

Ashley: I already got there before you even said it. I made that connection as soon as he said it.

Ramit Sethi: Yeah. And so, Ashley, when you feel unromantic about these pre-dinner conversations, how does that make you feel?

Ashley: I don't know.

Ramit Sethi: Try to articulate it.

Ashley: Yeah.

Ramit Sethi: Say it out loud. It helps you often find the emotion. When I think of Josh opening up Microsoft Excel to look at our numbers before we go to dinner, it makes me feel what?

Ashley: It makes me feel like we're already dampening the mood of the evening. It makes me feel it's like just so rigid and unromantic. I mean, yeah.

Ramit Sethi: Okay. Good. Now, Josh, finish this sentence for me. When Ashley talks about our long-term prospects, but the topics she brings up are the size of the wedding ring, where the wedding is going to be, and how we need to have a nanny, it makes me feel what?

Josh: Like I'm not going to be able to provide the life that she expects.

Ramit Sethi: Which makes you feel what?

Josh: Like not good enough.

Ramit Sethi: Anything else?

Josh: And like a little scared that that's where her mind goes first, is the cost of things.

Ramit Sethi: Because?

Josh: I value the deeper connection that I think that we have beyond that and it kind of, yeah, just feels not good enough, frankly.

Ramit Sethi: Interestingly, you use the word deeper, that deeper connection, would you say that the things she brought up to you are shallow?

Josh: Somewhat, yes.

Ramit Sethi: Yeah, I detected a resentment from you and it was interesting that you took it all on yourself. When I just asked you, how it makes you feel, you said, "It makes me feel like not enough, that I can't provide", but I also detected this latent sense of resentment that she would even bring these things up because they seem so shallow. Listening to what both of you just did right there, are there any insights that you take away from that, Ashley?

Ashley: Yeah. I mean, to talk about this last night and to hear it again when I don't feel as emotional about it it hurts and it makes me feel awful, because at the end of the day, like I love him so, so much, like I want to be with him, and I don't want him to feel like he's not good enough or that I don't want him to resent me, and I don't want to resent him either. It goes both ways. And I think we're kind of stuck between that rock and a hard place of having expectations and wanting to be together, but I think for us, the biggest thing is, how can we tackle the debt that we have, get that out of the way, so we can then focus on building a financially stable life together, and hopefully get to the same end goals that we have about expectations that we do have?

Ramit Sethi: Love that. I love the way you put that. Okay. Great.

The thing I love about Ashley and Josh is that they're willing to be real. Ashley is telling us what she expects and Josh is also telling us how he feels about Ashley's expectations. Interestingly, both of them tend to soften what they believe. You heard that Ashley had trouble even saying the words and Josh initially blames himself, so I have to probe for them to share what they believe deep down.

Now, think about that. If I have to ask this many questions to get to the real truth, do you think that they even know what each other believes? Do you think they even know what they, themselves, believe? I think their beliefs go a lot deeper than the spreadsheet, and we're starting to discover that, they believe that their debt is the main thing stopping them from their rich life.

How would you both describe your incomes? Josh, you make \$160,000 a year. Ashley, you make \$140,000 per year. How do you feel about that? Josh?

Josh: It feels like less than it should.

Ashley: I agree. It feels like \$3 at this point with this economy and where we live.

Ramit Sethi: So, all bad stuff, you guys don't want to compliment yourselves at all for making a lot of money?

Josh: I think 160,000 should be able to make more things happen than I am, and would expect it to be a little more comfortable in certain situations with that income level than I am.

Ramit Sethi: Why do you guys seem so miserable about your income? Who's that guy on Winnie the Pooh, Eeyore?

Josh: Yeah.

Ramit Sethi: He's always depressed. Oh, how do you guys feel about making 160 and 140? Oh, it sucks. Yeah, I mean, it feels like \$3.

Josh: It's what kind of hurts about it is I know that it's a good income, but because of the debt, the payments that I'm making, and potentially some spending habits, it doesn't feel like I'm enjoying the benefits of achieving that level of income.

Ashley: And I don't think that my income is crap by any means. I think also coming off of a hard time during COVID, where I didn't have a job for a while, finally having that income again, feels great, but like there is that debt cloud looming over me.

Ramit Sethi: Let me just give you one piece of directive feedback, Ashley. The fact is you make \$140,000 now. That's interesting, by the way, the way you described it in your document to me. Let me read it off verbatim because it tells you everything you need to know. It says, "Ashley, 140K per year, 70K base, plus 70K commission". That's clue number one. And then, clue number two, says, "I have only been at

this job for five months, so I have yet to see my full commission and earning potential". What are those two clues telling you, Ashley? Why did you describe your income with all these caveats?

Ashley: Because that 140 is my projected income without having been at this job for a full year to see if I'm going to make my quarterly commissions, I won't know exactly what my annual salary is going to be.

Ramit Sethi: I respect that. I know how sales go. How confident are you that you will make 140?

Ashley: At this rate, very. I'm doing very well at work.

Ramit Sethi: So, can we just call it 140?

Ashley: Sure.

Ramit Sethi: Can we stop discounting it and creating all these scarcity-based caveats that give you an out from being specific about what you make and how much you can afford to spend?

Ashley: Yes.

Ramit Sethi: Yeah. What you did is classic scarcity. I see it so often. And I'm going to share what I see because I think it will be very illustrative to you, people who grew up lower middle class, people who didn't have any money, people who were laid off or unemployed for a while, all these groups, when they suddenly start to make a considerable amount of money, they refuse to believe it.

They see the number on paper, I go, oh, my God, you make 70K, or 100K, in your case, 140K, and you know what their first answer is? "Oh no, no, no, no, no, no, no. Well, there's the commission, and there's this, and I haven't gotten this, and I've only been here five months." It's like you make 140K, own it. Watch this. Ashley, how much money do you make per year?

Ashley: 140K.

Ramit Sethi: Great. How do you feel about that number?

Ashley: Great.

Ramit Sethi: Yes. Do you know, five minutes ago, you said it feels like \$3 to you?

Ashley: Yeah.

Ramit Sethi: Because your mind is still in the land of being unemployed. You've got to change that. One of the biggest problems in all of money psychology is being able to effectively turn the page. There are people like Ashley who used to earn very little, and when they start earning more, they simply cannot turn the page and acknowledge it. They continue to be cheap, worried, or live a scarcity-based life playing on defense, always wondering what can go wrong. And then, some people earn a lot, then something happens, like a job loss, and they refuse to turn the page by cutting their spending. They, too, are living in the past.

My wish for you is to truly understand that with money, there are different seasons of your life. If you're young and you have no money, embrace it, find cheap ways to travel, and be okay with living in a small apartment with three roommates, whatever. I look back on my early 20s, and I love that I backpacked across Europe, and I ate at Taco Tuesdays, and I didn't care about buying some expensive sweater. There are other seasons of life. For some, it's getting married, and having a family. For some other people, it's developing finer culinary tastes.

I love to stay at nice hotels and I love to eat street tacos. You can blend your seasons. But here's the key, you must know what season of life you're in right now and you must know what season of life is probably next. When you know those two things, that lets you be present today and it lets you set yourself up for success tomorrow. If you are living out of alignment, if you're spending more than you have, or if you're underspending on what you can easily afford, you'll find yourself feeling nervous, anxious, and unsettled about money like Ashley.

Ashley: But it's like I knew that we could, because we just went on this vacation and went to this dinner, and that kind of anxiety about money has passed down to me a little bit.

Ramit Sethi: How do you manifest that anxiety with money?

Ashley: Hmm. Apparently, by getting into credit card debt. I was living in a world where it was very toxic in terms of Keeping Up with the Joneses, consumerism, and materialism.

Ramit Sethi: Specifics, please. What are we talking about?

Ashley: Yeah, handbags, shoes, cars, vacations.

Ramit Sethi: Tell me. I got to know the brands.

Ashley: Designer.

Ramit Sethi: Chanel. What else? Louis Vuitton.

Ashley: Saint Laurent.

Ramit Sethi: Yes. What else?

Ashley: Gucci shoes, and Manolos, and things like that.

Ramit Sethi: Okay. Good stuff. And were you earning enough to pay for these on your own?

Ashley: Yes.

Ramit Sethi: Okay. So, you were making good money, you were spending essentially everything you made on this fashion stuff.

Ashley: That, dinners, trips.

Ramit Sethi: Okay. And was there any consequence to this? Has anything bad ever happened?

Ashley: No, not until I opened that first credit card.

Ramit Sethi: Well, even today, has anything really bad happened to you?

Ashley: Just the credit card debt. That's it.

Ramit Sethi: Again, I'm going to ask, has anything really bad happened?

Ashley: No, never been thrown in jail for it. No one has ever come after me.

Ramit Sethi: No. I mean, look, you're eating tuna tataki, it's fucking great. Do you see that, deep down, you go, "Oh, my God, if I spend this money, I get these beautiful Manolos, and then if I spend more money, I get whatever bag or whatever trip, and yeah, yes, I know there's this bad thing, this credit card debt over here", but really, has it affected your lifestyle, whatsoever?

Ashley: No, but I want to get rid of it because as I've gotten older, and especially with COVID, the things that were material don't matter as much to me anymore. Like I'd rather spend my money on trips and experiences, saving for our future and a house, and all of those things are what are the most important things to me right now. I haven't bought a bag in a few years or nice shoes in a few years, and I'm happy with that. Just for me, if I didn't have that debt, the income that I have would be great and I could start saving again. At one point, I had 20K in my savings that had been depleted over the years based on paying off credit cards, paying for trips, supplementing, and not having a job over COVID-19.

Ramit Sethi: I feel like you're just really talking a lot to distract yourself. Do you even know what we're talking about right now?

Ashley: No.

Ramit Sethi: What's going on right now? What was my question?

Ashley: I don't even remember.

Ramit Sethi: Yeah. What just happened was very fascinating. I asked you, have you faced any real consequences?

Ashley: Oh, yes.

Ramit Sethi: And here we are, 25 minutes later, with you justifying, "Well, in the past, I used to do this, but I'm different, and if I had no debt, everything would magically be great". Do you believe that's true?

Ashley: Probably not.

Ramit Sethi: So, why are you bullshitting me?

Ashley: I have no idea. It's like the anxiety talking.

Ramit Sethi: Why are you bullshitting yourself?

Ashley: I don't know.

Ramit Sethi: You are going to bullshit yourself right out of this relationship. I only say that because both of you told me it was a 10 out of 10. And Josh, you said to me, this is make or break.

Josh: I did.

Ramit Sethi: Part of a rich life is being honest. It's being honest with yourself and honest with the people around you. That's hard to do, especially when you have some desires that might be uncomfortable or even unpalatable to your partner. Ashley, if you truly want Josh to pay for all dinners and you want to go

out to dinners six times a month, okay, we're going to put that out on the table, but then you need to be honestly prepared for if Josh is going to want to do that.

More importantly, I don't want you to just live your relationship out of fear of, what is Josh going to say. What I want to know is, what do you want, Ashley? What are you willing to change, because you told me it was a 10 out of 10? Otherwise, we're just here dancing around and using all these words, and nobody even remembers what the hell we're talking about. It's a waste of everybody's time. So, where should we go from here? Ashley, you tell me. What do you want to talk about?

Ashley: I want to constructively talk about realistic ways for us to combat our debt. I mean, together, but pay for our own. Try to see eye to eye on our views of money, so we can move in together, continue our relationship, and not have these fights about money or uncomfortable conversations.

Ramit Sethi: Great. I'm with you. I think I can help. I love hearing that. Okay. Let's talk about the numbers. You make \$140,000 a year. When I look at the amount of debt you have, I don't think it is insurmountable. I think that you could tidily pay this debt off. It would take you a little while, might take you a couple of years, might take you four or five years, depending on how aggressive you get, but it's not that much. The way you talked about your debt, you talked about it like it was \$350,000. It's 18K?

Ashley: I know. I'm lucky in the sense that I am not someone who has \$300,000 in debt, but to me, it's still a lot of money to pay off.

Ramit Sethi: It is a lot of money, but it's also not what's keeping you from being successful with your rich life.

Ashley: What is?

Ramit Sethi: Well, let me put it this way. If you had 3K of credit card debt, you would still feel the same way. If you had zero dollars in debt, you'd still feel the same way. And when you have \$5,000 in savings and \$10,000, you will still feel the same way about money.

Ashley: And why is that?

Ramit Sethi: You tell me.

Ashley: I guess the financial anxiety.

Ramit Sethi: Where does it come from?

Ashley: From my family.

Ramit Sethi: Mm-hmm. And then, they taught you what?

Ashley: Scarcity.

Ramit Sethi: Tell me more. What were the words they used?

Ashley: We can't afford this.

Ramit Sethi: Do you think that maybe when Josh says, "Hey, we can't afford this dinner"-

Ashley: It's triggering, for sure.

Ramit Sethi: Uh-huh. And so, your reaction to that is?

Ashley: To get upset.

Ramit Sethi: And then, do you go to the dinner and spend on it?

Ashley: No.

Ramit Sethi: Yeah, you do. You go.

Ashley: I mean, I don't, personally. He does.

Ramit Sethi: Yeah. Right. "We go to dinner, and then he pays for it", yeah. Okay. I want you to both talk to each other and I want you—I don't need all the caveats and I don't need all the, "Well, depending on this and that", just tell me what is going to happen, whether it's tomorrow or 20 years from now, if you keep this lifestyle up. Go ahead.

Josh: We are going to end up, one way or another, not succeeding in our relationship, or one of us or both of us will be unhappy.

Ramit Sethi: What does that mean in plain English?

Josh: It means we'll break up and no longer be together.

Ramit Sethi: Thank you.

Ashley: Yeah. If we keep going like this, we're going to continue to fight about money, not get to our realistic goals, and break up.

Ramit Sethi: This is a fascinating conversation. The thing I love about Josh and Ashley is that they are open. They're being honest. I love that Ashley says, "Yeah, I expect him to pay for me". Do you know how few people would be open and own how they feel? Now, that doesn't necessarily mean I agree with her, but I just love meeting somebody open about what they believe. Josh, he's feeling the frustration, because he goes, "Why? It doesn't make any sense. We make the same amount of money. Can you please explain it to me?"

And now, we start to get into all those soft, squishy, invisible scripts about money, about gender, about how we were raised and what we experienced before. These are the kinds of things that nobody wants to talk about publicly. They all happen behind closed doors. That is why I started this podcast because I want to show you that these conversations are happening and it's not just you.

So, what have we learned so far? Yes, they both have different beliefs about money. We've also learned that they have high incomes, but the way they talk about their incomes is fascinating, interesting, also troubling. They are now starting to realize why they haven't paid their debt off yet. Okay. It's not just math. This isn't a math problem. It's much deeper than that. In part two of this conversation, next week, we are going to get into the fascinating nuts and bolts of how to change their views of money.

Podcast Episode 35: If we can't stop fighting about money, we're going to break up

Synopsis: Ashley and Josh have come to a stark conclusion: If they can't manage to find some common ground in their financial struggles, their relationship has no future. They both earn roughly the same amount of money. Besides this huge roadblock, they see a path to marriage and children.

But they can't agree about who pays for date night. Even worse, individually, neither of them has a solid plan for tackling their debt.

Josh drives a, you guessed it, truck he can't afford. Ashley leases a Mercedes. Both acknowledge the massive strain that having debt places on them and their relationship and yet they do nothing about it. Are they willing to make the lifestyle changes necessary to turn their financial future around? Let's find out.

Podcast Transcript:

Ramit Sethi: Well, in the last episode, you heard Ashley and Josh talk about what they consider to be a 10 out of 10 problem. Ashley expects Josh to pay for all of their date nights, but Josh is frustrated. He wants a financial partner. Last episode, we started digging into where Ashley came up with her belief that Josh should pay for everything. Her answer: he is the man. In today's episode, part two, we're going to talk to Josh.

I want to understand more about their financial situation. Interestingly, they both earn roughly the same amount of money, around 150K each. Remember, they haven't been together for long, just about a year or so, but they've started to talk about their future, moving in, getting married, potentially having children, but they cannot seem to agree on the date night issue, as well as how they see money together.

Now, let's talk about the debt quickly. Ashley has \$18,000 in debt. Josh has \$70,000 of debt. So, I wanted to dig into Josh's finances a little bit more, and what I discovered today is quite revealing. As you listen to this episode, please remember that at the end, I have a follow-up from both of them. Let's listen in. This is *I Will Teach You To Be Rich*.

Josh, you've got \$30,000 of credit card debt and you've got a 40,000-dollar vehicle loan. Okay. We've got to spend some time on this. What's up with this 30K of credit card debt?

Josh: It got run up on a single credit card approximately five years ago for a business that I had started. There was other financial backing on it, but that was my part that, kind of, in the end, ended up stuck with. So, it kind of just sits there. I make the minimum 490-dollar monthly payment and it goes down by 50 bucks because I don't know what to do with it and-

Ramit Sethi: What do you mean, what to do? What, do you take it to bed with you and cuddle it? What do you mean, what to do with it?

Josh: Well, I kind of resent it, because it represents something that failed, and as far as the business goes-wise, and I feel like it's such a big number, I haven't been sure how to attack it as far as like...

Ramit Sethi: What are your options?

Josh: There are a lot of options out there for this. There's making larger monthly payments. There is getting a debt consolidation loan. There's getting a personal loan from one of those places that gives you 25, 30,000-dollar loans at 3 or 4%.

Ramit Sethi: So, you've been thinking about this for how many years?

Josh: Four years.

Ramit Sethi: Four years and the amount has just been sitting there.

Josh: Besides paying a little bit down, yeah, pretty much just sits there.

Ramit Sethi: Okay. That's a critical mistake. This is a classic analysis paralysis, and you're just paying shitloads in interest, and unnecessary anxiety for you. How come you seem so calm the whole call, and suddenly, we go, wait a minute, there's \$30,000 of credit card debt. You're very calm about this. What's up?

Josh: It's just been put away kind of on the back burner and all these conversations with Ashley again, having to bring this stuff out, and kind of I need to address it, and figure out, A, why I'm avoiding it. That's the problem. And B, what I need to do to change my current habits towards it.

Ramit Sethi: Okay. So, why are you avoiding it? You tell me.

Josh: Honestly, it doesn't—just like you said, it feels a little insurmountable, and you mentioned paralysis of not taking action, because I'm not sure which direction to go other than pay a little more.

Ramit Sethi: Well, hold on a second. You make what, like over 12 grand a month? Okay. That's a lot of money. 30K of credit card debt, pay that thing off pretty quickly.

Josh: Well, when you meet a nice girl that requires a little bit extra, sometimes, the money that you are putting towards that debt stops getting put towards that debt.

Ramit Sethi: Aha. We spent so much of that last episode focused on Ashley's expectation that Josh should pay for date nights. I know, I know, a lot of people said, "Ramit, why do you focus on her so much? What about him?" And not surprisingly, Josh has his money issues. He's been sitting on tens of thousands of dollars of credit card debt for years. And I love how he says, "I'm not sure what to do except pay more".

Ah, yeah. I need to tell you how this drives me crazy. Do you know how many people write me, and they go, "Hey, Ramit. Do you have any advice for me? Here's my situation. It's a little unusual", and then they proceed to tell me a normal situation that literally millions of other people have. I go, oh, have you read my book? And then, they go, "I'm not looking for the usual advice. What kind of advanced techniques do you recommend for me?"

I'm looking at a picture of this guy. He's wearing an ill-fitting bootcut pair of jeans and those striped buttoned-down shirts I used to wear when I was going out in 2006, and he's asking me for advanced techniques. No, my friend, who's DM-ing me on Instagram, asking for these advanced techniques, you

don't need them. What you need to do is do the basics and fucking do them right. Too many of you believe that you're too advanced for the fundamentals.

Guess what, you earn the right to be advanced once you have mastered the fundamentals. Josh makes over \$12,000 a month. He could easily pay off his credit card debt. And when I pushed him, did you catch what he said? "Well, when a pretty girl comes around", translation, he's blaming her, and I don't believe him, because Josh was in debt before he met Ashley. He didn't pay off his debt then, he didn't pay off his debt once he met her. I think Josh needs a wake-up call.

So, Ashley demanded that you pay for these nice dinners, and therefore you can't pay off your credit card debt.

Josh: That's not her fault, but that was the part of my budget that is now going to things that were maybe not part of my budget.

Ramit Sethi: I see. And hence, when it comes to these dinners, these uncomfortable conversations, deep down, are what?

Josh: That now, I'm not able to put money towards my savings or my debt. I'm not taking on new debt, because I've made that very clear since we started dating, I don't want to make that mistake, but I'm also not making headway.

Ramit Sethi: That was a logical answer. There's just one problem. I don't believe it, because you've had this debt for over four years and you just met her one year ago.

Josh: Correct.

Ramit Sethi: What's up with this car loan? What kind of car are we talking about?

Josh: Just a truck, a regular vehicle.

Ramit Sethi: Fuck. Okay. We have to do this again. A truck, a fucking truck, what is it?

Josh: It's the black GMC pickup truck.

Ramit Sethi: Right, right. And where do you use this truck, Josh?

Josh: We're into a lot of outdoor-type stuff, so I use it for camping and off-roading. You're going to love it. I have a boat. It's fun.

Ramit Sethi: Oh, that's fun, and you use the truck to tow the boat?

Josh: Yeah.

Ramit Sethi: Of course. And how much is gas, by the way, out of curiosity, per month?

Josh: More than it was a few years ago.

Ramit Sethi: How much?

Josh: If we don't go anywhere, 200 bucks.

Ramit Sethi: So, this truck, I fucking hate trucks, you bought it at 50K, is that right?

Josh: Fifty-three.

Ramit Sethi: Okay. Fifty-three, and you have a 40,000-dollar loan on this truck. What's your interest rate?

Josh: 2 or 3%, super low.

Ramit Sethi: So, I'm going to tell you two things about trucks. First of all, I fucking hate trucks. Okay. Virtually, every single person I meet who's in financial trouble has a truck. Okay. That's number 1. And number 2, whenever I ask them, why do you have a truck? Okay. I try to be nice, because maybe there's a reason, you know what they do? They always give me this logical reason first, "Well, I needed to go up this winter hill", I go, "Oh? You can't get up that road in a four-door sedan like grandma?" And then, they go, "Well, I use it to tow my boat". They either have a 70,000-dollar trailer or a fucking boat. And then, I go, "Ah, let's put the boat to the side, we'll get into that in a minute". And then, it turns out when I unpeel, "Why? Why? Why do you have a truck?" They just have a truck because all their friends have a truck, and it's a total status play. And so, while they make fun of their girlfriends and wives for having their Louis Vuitton bags and Chanel, whatever, they have a 50,000-dollar status piece that they classify as logical. Is any of this resonating with you, Josh?

Josh: Yes.

Ramit Sethi: You cannot afford a truck, I'm just going to, point blank, tell you. They sink all their money into it, and then one day they wake up, "Oh, why do I pay over \$1,200 a month on my automotive expenses?" Well, because you made a decision two-and-a-half years ago. So, Josh, man, I understand the anxiety you have. Okay. I understand why you would be upset about going out to dinner. I get it. Ashley, do you get a little bit more of his anxiety now?

Ashley: I understood it from day one when he told me about his debt, I didn't know about the car loan. I thought he was—like I have a lease, I just pay monthly payments.

Ramit Sethi: Oh, you have a lease, of course. What kind of car is that for?

Ashley: A Mercedes.

Ramit Sethi: A fucking Mercedes.

This is the best. Ashley thought she was making a good point, but then she accidentally revealed that she is currently leasing a Mercedes. So, now, I got to go hunting for info. I truly have the greatest job in the world.

Ramit Sethi: Ah, okay. So, this is great. How much is that per month, by the way?

Ashley: I think it's 430.

Ramit Sethi: 430. Nice. And how much did you put down?

Ashley: Oh, I don't remember.

Ramit Sethi: Right. Some X thousands of dollars. So, I'll just tell both of you, first of all, you both have more expensive cars than I do. Okay. I don't mind if you have certain things that are nicer than me. Everyone has their money dials, right? I'm not going to judge for that, but you know what I am going to judge for? You can't afford them. Alright. Sorry.

A lot of you asked me to speak to people who are not just multimillionaires on this podcast but have more modest incomes, and more relatable scenarios, and I've been doing that. I've been speaking to a lot of people, diverse. I speak to them through my email newsletter, I speak to them on Instagram and social media, and I speak to them on the podcast. And the more I talk to people who are in financial trouble, the more I truly hate the way we think about money in America.

The stuff that's talked about in the media is such bullshit, "Cut back on lattes. Reuse your Saran wrap. Why don't you disable the oven light, because for an entire year, that saves you 16 cents? And if you save that until you're 80 years old, maybe, just maybe you can take a vacation to Las Vegas, a road trip, of course, why would we spend money on flying there? That's just a waste."

My favorite part is that the experts who tell you this stuff are on TV wearing 1,000-dollar dresses as they share this helpful advice, the advice that they, themselves, would never follow. And then, we have the way that Americans spend their money. Yes, there are structural reasons that things have gotten more expensive, like housing. I'm a huge fan of building more housing. I want affordability to go up. I want you, everybody listening, to be able to afford housing.

But when I talk to people in financial trouble, they are almost always overpaying, not just for their house, but for their car. They overspend, they finance them, and they don't understand how compound interest works, especially for their credit card debt. Have you heard the patterns in some of the last episodes? Many of the people in financial trouble buy things because they see them and they want them.

It's as simple as that. But they never actually read a single book about personal finance to learn how money works. They are so stuck chasing that shiny thing that they saw, that they never stop to zoom out for just a second and say, what is my Rich Life? Do I want to buy this car, which is certainly a nice car, but it's going to trap me at this socioeconomic level for the rest of my life, or do I want to spend a weekend reading a book? Do I want to aggressively pay off my debt, because life is about more than just buying a car or a shirt?

There's something bigger in this world that I'm destined for. There's got to be. Otherwise, what am I going to work every single day and stress out for? This is my wish for everybody listening, is that you don't simply settle for what has been sold to you as a Rich Life in America. A fucking suburban house, you have to drive an hour to get anywhere. Okay. If you want it, fine, but ask yourself, do I want that? Is that the type of life I want? Do you want a huge truck? Is Target your Rich Life?

No. Those are things that have been fed to you. What do you want? Do you want to go on a running tour, because you love running? If you want the best running shoes, great, that's meaningful. Do you want to go to all these cool restaurants, sit in Auntie's house, and learn how to cook Indonesian food or Indian food? That's meaningful. That doesn't even cost that much! The point is, I want you to deeply, understand what your Rich Life is. And when I talk to people in financial trouble, I rarely hear good answers to that. I simply hear consumerism and buying what is shiny and in front of them.

Tell me what will happen if you keep going on, don't give me the bad stuff, I know you guys will fight more and all that stuff. Realistically, would you still be able to eat out if you guys continued on the way you're going?

Ashley: Of course, but it just adds to the—all of what we're dealing with adds to the anxiety about saving and securing our financial future.

Ramit Sethi: Okay. What else, though? What else would be fine if you kept going the way you're going? Would you still be able to have a car, nice leather seats, and the boat, and all that stuff? Yeah.

Josh: We have a slightly above-average lifestyle on the surface.

Ramit Sethi: Exactly, yes.

Josh: Slightly.

Ramit Sethi: Totally. And you take a vacation every so often, and go to a friend's wedding, yes, you could do all of those things. Okay. What's the cost if you keep doing this style of spending, Josh?

Josh: It's never going to go away and not going to achieve any financial freedom, it's going to be strapped and feel the pressure that I feel now.

Ramit Sethi: Because you minimize it, because what?

Josh: Out of sight, out of mind.

Ramit Sethi: Do you both see that neither of you has truly grappled with the consequences of the decisions you've made?

Ashley: Yeah.

Ramit Sethi: The irony is that both of you called me, and said, "This is a 10 out of 10 and this is make or break for our relationship".

Josh: Yeah, I can feel it right now. So, yeah, talking about it, just being uncomfortable about it.

Ramit Sethi: Yeah, it's uncomfortable, but your reaction to the discomfort is head in the sand. That's why your boat, RV, and truck are going to be so difficult to let go of. And we haven't even talked about the truck, but I'm just going to fast-forward, because you're going to sell that thing, too. And anyone listening, just sell your truck before you even ever call me. I don't want to talk to anybody with a truck anymore.

Josh: Oh, great. Love it. Love it.

Ramit Sethi: Okay. The reason it's going to be difficult is these are not just things to you. What are they?

Josh: They represent a few things, value, status, makes me feel good at the moment and forget about the debts sitting on that stuff because when you're doing those things, you don't feel it. It's out of sight, out of mind.

Ramit Sethi: Totally. And that's a great example, when you're camping or when you're out on the water, you feel great, you're not sitting there thinking about your debt. You're like, oh, I made it. I spoke to a woman, I believe she was from Costa Rica, and when she grew up, she grew up very poor. And for her, if her dad brought home Coca-Cola, it meant he had a good month at work. That's how poor they were. When she moved to the US, she was enthralled to be able to go to Walmart and buy stuff. And she would tell me, "Oh, I just buy all this stuff". I said, "What did you buy?" "It's just all this junk, tchotchkes, all this stuff." And I said, "How did it make you feel?" She said, "It made me feel amazing", that she could do it. This was episode number 14 called I Hide My Spending from My Husband, and that's where I spoke to a couple, Chuck and Mary. I highly encourage you to listen to it. Mary will help you understand why so many people buy things, these things seem confusing to outsiders, but they are very meaningful to them. Again, I highly recommend you listen to it. It's episode number 14 of the I Will Teach You To Be Rich podcast, called I Hide My Spending from My Husband.

You are that, just on a much bigger and more expensive level. And we're going to talk about how you can still feel good, I want you to use money to feel good. I'm not trying to be Mr. Restrictive over here. We'll talk about how to do that. I use money to feel good. I want you to do the same. I want you to jointly do that. But right now, you're in red alert mode. So, the boat, it sounds like you're going to do what with that?

Josh: Just looking to sell that this year.

Ramit Sethi: Not looking to.

Josh: Correct. It's hard to admit, and I don't want like—it might slightly—here's the deal, how I feel about that since it's liquid, so there are certain things I'm more attached to than others.

Ramit Sethi: So, you're attached to the boat. Okay. What about the RV?

Josh: The RV is gone.

Ramit Sethi: RV is gone. Great. You have a considerable amount of money when you sell these things. You resent this debt, I know. You mentioned it to me. You know the best thing to do with something you resent, is put it in the dirt. Pay it off, so you never have to think about it again. How do you feel about that?

Josh: It feels scary, but I know it would feel great after it's all done.

Ramit Sethi: Great.

Ashley: So, sitting here, listening to you guys talk about that, I was already trying to make a smarter financial decision with my car. I wouldn't be leasing a luxury car again.

Ramit Sethi: What were you going to do, before we talked?

Ashley: I was going to look at it like a Jeep.

Ramit Sethi: Jeep. Okay. A Jeep. How much is a Jeep these days?

Ashley: Unfortunately, it's close to the same payments I'm paying now because I got a good deal on my car.

Ramit Sethi: So, that's very interesting, by the way. Notice what you would have done, you would have told yourself, "Good job, Ashley, pat me on the back, I downgraded from a Mercedes to a Jeep", but in reality, what would have happened?

Ashley: I'd probably be paying the same monthly payments.

Ramit Sethi: Yeah. You see how people get in trouble, they pat themselves on the back, but they didn't do the one thing that matters, which is to run the numbers. I'll just speak personally, this is one of those times where if you can cut any big expenses, that's amazing, because every extra hundred, 200, 300 bucks a month you put towards debt, it goes down really fast. You will be shocked at how fast you can pay that thing off. Okay. But you also mentioned you have some other things you could change to pay this debt off faster. What would those be?

Ashley: It would be more lifestyle changes of no shopping or shopping less.

Ramit Sethi: Tell me the specifics. Take it from the clouds to the street.

Ashley: Oh, wow. I love to shop. Now that I've, again, been working, I've been buying a little bit more, but I've always had a problem with shopping and spending money like that, always.

Ramit Sethi: Can you rephrase this? You've always had a problem, when you say that, what are you telling yourself?

Ashley: That's an issue.

Ramit Sethi: That you can never change.

Ashley: Yeah.

Ramit Sethi: How about this? What could you rephrase that to be?

Ashley: This has been a problem for me in the past, but I no longer want it to be a problem moving forward.

Ramit Sethi: Love that. Beautiful.

Two big takeaways so far. For Josh, he's been sitting on a gold mine, but he's been too paralyzed to take action. By getting aggressive with selling his RV, and hopefully, some other things, he can immediately pay off that debt and start looking towards the future. Remember, it's hard to think about the future when you have one foot stuck in the past. For Ashley, she was about to make yet another mistake with her car, and the worst part is she would have thought that she made a good decision.

This is like people who buy those shitty bags of chips at the grocery store, you know the ones I'm talking about, they say low carb on the front, and the person goes, "Wow, it says no GMO. This is healthy." It's like, dude, you bought a bag of chips. This isn't celery. If you want the chips, just get the chips, just say you want chips and own it, but don't lie to yourself into thinking that a bag of chips is healthy.

In the same way, Ashley was going to downgrade to a Jeep, but keep the same payments as her Mercedes. You can imagine what would happen two years from now. She's going to look around and feel trapped with her finances, and then get frustrated. She'll say, "I did everything right. I cut back on my car. This finance stuff doesn't work. Ramit sucks." All of this without ever running the numbers once.

Remember, to become confident with your money, you have to become competent. Now, for Ashley and Josh, earlier, we talked about how they haven't faced any real consequences for their financial behavior, and I wanted to understand where this came from. And when Ashley started talking about how she was raised, it started to make a lot more sense.

Ashley: I had a credit card at a very young age that I would go to the mall with.

Ramit Sethi: Oh?

Ashley: Oh, really, yes.

Ramit Sethi: How surprising. And they gave that to you, why? Why did they do that?

Ashley: For emergencies.

Ramit Sethi: Uh-huh. And then, that first time you brought the bill home and it was like all this money, how did they respond?

Ashley: You mean, when the bill came in the mail and they opened it?

Ramit Sethi: Yeah.

Ashley: Took the credit card away.

Ramit Sethi: And then, what happened?

Ashley: They gave it back to me.

Ramit Sethi: Uh-huh. And then, what happened when you did it again?

Ashley: And they did it again.

Ramit Sethi: And nothing happened, right? No consequences of any real-

Ashley: Well, then they would start to highlight the charges and-

Ramit Sethi: Oh, that's not a consequence. Yellow highlighter, what are we talking about?

Ashley: And then, when I was old enough, they would be like, "You have to pay this back".

Ramit Sethi: Uh-huh. Did you end up paying that credit card, the one that you charged to your parents, did you ever pay that off?

Ashley: I'm sure I gave the money along the way, but-

Ramit Sethi: Was that a yes?

Ashley: No, not fully.

Ramit Sethi: Yeah. No consequences.

Ashley: Not really.

Ramit Sethi: Yeah. So, you two have to create your consequences. Now, the natural consequence is if you don't change anything, you'll probably break up. You've both told me that. Okay. And I hate that that is even on the table. I don't want you two to break up.

Ashley: We don't either, at all.

Ramit Sethi: Especially because of money, especially earning \$300,000 combined, that, just mathematically, it doesn't make any sense to me. However, you both have a long, deep history that needs to be dramatically explored and changed. And it's not just one on one, it's together. That's hard. You have a hard road ahead of you. Now, going back to this credit card spending, what's your rule of thumb about eating out?

Ashley: I think we've been better, but I think it should be—I mean, I would love it to be one nice dinner a month. I don't think that is realistic for what we're trying to achieve. I think maybe one nice dinner every two or three months. Are you talking about me and my credit card debt or us together?

Ramit Sethi: Give me both. I like hearing it.

Ashley: Okay. So, that was for us together. For me, I think I shouldn't be—if it's over \$20, I shouldn't be—actually, no. Once a month.

Ramit Sethi: Once a month of what? Say the sentence.

Ashley: I think I should be spending money going out to eat, let's be realistic, twice a month.

Ramit Sethi: Okay. That sounds good to me. I like the way you laid it out. Hey, the first time, you might go three times a month. That's okay. The world doesn't end. What we don't want to do is, oh, my God, I went out three times a month, the entire month is ruined, I'm just going to go out for the rest of the month. We don't want that. And we also don't want to cut ourselves slack so that we are not honoring our own rules of thumb. These are your rules, they're not mine, so I want you to respect them. Start with two, that sounds good, and if you need to adjust it, you can.

Josh: I think having a budget is beneficial in a way, because what does two times a month mean? Does two times a month mean two bowls at Chipotle or does that mean two steak dinners?

Ramit Sethi: Yeah. That's a good point.

Josh: So, I think budget is almost more important, and then we decide how that is, and then also maybe teach us—well, anyways—

Ramit Sethi: Good. Ashley, what do you think about that?

Ashley: I agree.

Ramit Sethi: Oh, you agree?

Ashley: I agree.

Ramit Sethi: Okay. Great. Then, great. I love it. It's a little bit more complicated because the two of you are going to have to have these conversations. One person is going to go, "I'm craving Yakitori", and the other person goes, "Well, hey, if we go there, that's our entire month's spending." So, you might have to have some uncomfortable conversations, but I love that the two of you are going, oh, we're ready, we want to do that, right?

And then, some months, you might go like, I just feel like Chipotle, let's just do that, it's good. I think that's awesome. What you don't want is to get to the restaurant and one partner has to become the nag to the other. That's a terrible dynamic. So, the best thing to do would be you're going to have a weekly conversation or monthly conversation about your money, I prefer monthly, and you make your plan for when you're going to go out.

You don't decide when you're hungry, you make the reservation ahead of time, and ideally, in these early stages, you might even look at the menu ahead of time. You're trying to make these decisions at your best, instead of when you see this beautiful shrimp platter, and you go, oh, my God, we should just get it, come on, it's like not a big deal. You don't want that, because now, you're compromising your integrity together.

Ashley: Doesn't that sort of take—I mean, I already like to read menus beforehand, because I love knowing what's on the menu just for fun, but doesn't that kind of take the fun out of it if we're like, okay, let's decide exactly what we're going to get before we get to the restaurant? I understand talking about alcohol and things like that, and limiting that because that adds up, but picking out the entire dinner before we get there takes the fun out of it.

Ramit Sethi: Okay. I love what you're saying. I love that you're pushing back. This is so great. It shows me that you're engaged with this, because this is going to be your life after we end today, and I want you to push back on stuff that doesn't seem right to you. So, does it seem a bit unromantic to talk about some of these things ahead of time? Yeah. Yeah, it kind of does. Do you have to? No, you don't have to. You decide. But you've already seen what happens if you don't discuss things, right?

Lots of surprises come up. That tip on your meal, that's already 40 bucks. It's not as romantic to sit and plan this stuff ahead of time, but we are doing it because we're working towards a Rich Life together. You

have to reframe it. Maybe another way to look at it is to say, "You know what, what's romantic is being able to spend time with you, and to eat this food that we can't make on our own, and to be able to dress up and have quality time together." That's romantic. And so, that will take some work with the two of you. You two have to figure out how you want to talk about that, and how you want to make those decisions. Okay. Here's where I would like you to be, Ashley, with your debt. I would like you to, first... no, you can do this in the next couple of days, you can look up a debt payoff calculator. You can just search for that on Google. And I'd like you to plug in your debt, the amount of debt you have, your interest rate. If you don't know it, you can find it by logging into your credit card.

And you plug it in and you will see how long it's going to take you to pay it off. It's going to be a daunting number. Don't worry. Then, you can add on an extra hundred bucks a month and you can see how fast that will decrease your duration. Suddenly, you're going to realize, oh, my God, this is pretty doable, and a few hundred extra bucks a month makes a big difference.

When you see that when you feel like, oh, my God, I only have X months or X years until freedom, now, when you go to Josh, and you go, "Listen, I know we talked about the car thing, I know you're uncomfortable with it, let me tell you why—like here's what I'm trying to do. I'm trying to pay this debt off in X months or Y years. I've done this work. I went through Ramit's book. Here's what I've committed to. I created these rules of thumb around shopping and eating out, and I'm going to do X, Y, Z." How do you think Josh is going to react to that so far, by the way?

Ashley: Positively.

Ramit Sethi: Going to love it. Josh, what are you going to say when you hear that?

Josh: Proud of her.

Ramit Sethi: Amazing.

Ashley: I'm a new woman.

Ramit Sethi: Yeah, it's awesome. You're taking control of your future. Just individually, that is very romantic. It's very attractive to see a partner just owning their future, but it also says something so great about the future of your relationship. But then, Ashley, you can also ask for help. You can go to him, and say, "Look, this is what I would like from you. For example, for our joint expenses, you make a little bit more than me, would you feel comfortable talking about contributing proportionally? That would relieve a little bit of stress on me." And then, of course, Josh is free to say whatever he wants. The two of you can have a very healthy discussion. How do you think that would go?

Ashley: I think, hopefully, good for the most part. One thing I wanted to bring up, which ties to this, is the top of the budget is basically what he's paying now, split in half, everything we would talk about is being split 50-50. If he does start making significantly more money than me, what does that look like? I don't know. Josh, I mean, how would you feel like that conversation could go based on what I just said?

Josh: I'm going to have a positive response to seeing that you're making changes to your spending habits, and to look at this a different way, I feel like I'm going to respond positively to all of that.

Ramit Sethi: Did that answer your question?

Ashley: No.

Ramit Sethi: I don't even know what your question was, Ashley.

Ashley: My question is if I come to you and I ask you...

Ramit Sethi: Can you just ask him, instead of saying, "If I came to you?"

Ashley: Josh, if I come to you and...

Ramit Sethi: Nope, nope. Ask him what you want to ask him.

Ashley: Josh, what kind of response can I receive from you if...

Ramit Sethi: Ashley, how many layers of this question are there going to be?

This is like one of those sandwiches you order at a deli, where they take two pieces of bread, and then inexplicably throw in 500 pieces of turkey, so you can't even get your mouth around the sandwich. Attention, deli owners, why the hell do you do this? We're not impressed. Nobody needs enough turkey to go from here to the moon in a sandwich. I just want to be able to eat this damn thing and leave. I don't want to have to get a shovel and a dump truck to be able to fit the sandwich in my mouth.

In the last episode, Ashley physically could not bring herself to say what she wanted from Josh, and here, we see that pattern pop up again. Instead of asking her exact question, she's saying, "If I asked you, what kind of response would I possibly, maybe, somehow, hypothetically receive?"

One of my wishes for everybody listening to this podcast is for you to go from the clouds to the street, from theory to reality, from hypotheticals to specifics, from the stuff you've concocted in your imagination to run the numbers, and have real conversations about what you want, what you can afford, and what your Rich Life is. In my experience, it's more fun to live in a reality you control than to simply exist in the clouds and talk about what you want to do someday.

Why don't you just skip to the part where you ask him? Like actually have the conversation.

Ashley: Okay. Will you help offset some of the budget if I need you to?

Ramit Sethi: What? What does that mean? Listen, I've been writing about money for about 20 years and even I don't understand that question.

Ashley: I don't know. I don't know what I just said.

Ramit Sethi: Can you say it in plain English for someone like a dunce like me? What are you saying?

Ashley: Will you help me with my budget—no, I don't even know what I'm trying to ask.

Ramit Sethi: Okay.

Ashley: Let's just move that back.

Ramit Sethi: No, no, no, no, no. This is good. This is great. Take the time and articulate your question, instead of starting by just talking. That's what leads both of you into trouble. Think about what you want to ask him.

Ashley: Will you be okay contributing more if you make more money than me?

Ramit Sethi: Boom. This is the real question. I'm so proud of Ashley for getting to it. If you go and rewind for the last 60 seconds, you'll notice something fascinating. In the earlier questions that I asked Ashley when she answered, she didn't pause at all. She just jumped right into asking her questions almost breathlessly without even thinking about what she was asking. That's how she ended up with all these vague questions.

It was only when she paused, took a deep breath, and thought about what she wanted to know that she finally asked Josh the real question. And this is a key lesson for many of you. In my Dream Job program, I

call it the STHU technique. That's short for Shut The Hell Up. If you aren't sure what you're asking or if you keep getting bad answers to your questions, it might be time to take a deep breath, shut the hell up, and write down your real question. Good job, Ashley.

Josh: I think that's a fair question. I would need more context for that. Under our current situation of me making more than you currently, I feel like it needs to be currently still like more of a 50-50 situation, because we're both trying to make moves proportionately on our debt, but long-term, yes, if down the road, if my career continues to evolve, and I do make significantly more, and we have conversations about it, yes, I would be comfortable with that.

Ramit Sethi: Ashley, how do you feel about that answer?

Ashley: A lot better than the past conversations we've had about it.

Ramit Sethi: Why is that?

Ashley: When I've brought it up, Josh, he hasn't been as receptive to it.

Ramit Sethi: Okay. My question listening to Josh's answer is, when? When do we go from 50-50 to proportional? You said in the future, when, though?

Josh: That was the hesitancy you heard in my answer, was I don't know what that time frame looks like, or who makes more, like is there a threshold where I make this X dollar, is that the moment that it kicks in that you pay...

Ramit Sethi: Well, do you want me to just tell you?

Josh: Yeah.

Ramit Sethi: Okay. Usually, couples pay proportionally.

Josh: Okay.

Ramit Sethi: That's good. So, I'll give you an example. First of all, it's pretty interesting, you guys make the same amount of money. One of you makes 160 and one of you makes 140. It's the same. Okay. Now, you could factor in a whole bunch of these variables. Josh is paying more debt, but Josh also paid for the last year for Ashley, blah, blah, blah, blah, blah.

But how do you factor all that shit in? It's just too confusing. Do you know what one of my rules of thumb is when it comes to my money? Simplicity. My financial world has gotten very complicated. All accounts, and businesses, and blah, blah, blah, I insist on simplicity. A very small number of credit cards, a very small number of accounts, investments, et cetera. I would encourage you to do the same thing.

So, if I were you, this is just my observation, not advice, I would do it proportionately. I would acknowledge that Josh was very generous last year and paid for a lot of stuff. And Josh, if I were you, I'd probably say, you know what, I would like for you to become more financially generous with me. Josh, you didn't say that, but I have a feeling, that's one of the things you want. And I think if you were to articulate that to Ashley, assuming that I'm right about this assumption, Ashley would be like, oh, wow, that connects with me, I understand that, and now, I know what he's looking for.

Next, I would put aside the other thing, which is Josh is paying more in debt. Well, that's Josh's issue. Josh incurred that debt, that's his responsibility. The two of you make the same amount of money, I would just do it proportionately. It's almost 50-50 anyway. And then, as one of your incomes increases or whatever happens, it's all percentage-based. It's proportional. You do not need to do all these weird calculations. What do you think about that?

Ashley: I agree.

Josh: I think it's logical, and I agree mostly. I need to let it sink in a little bit more, but I agree with the math. Makes sense.

Ramit Sethi: Any hesitation?

Josh: Hmm. Not necessarily. Not the answer I was expecting 100%, so I just need to...

Ramit Sethi: Here's a trap you might run into. This happened when my wife and I got together, and we paid proportionately, but my standard of living was a lot higher than she was used to paying for, even when we were paying proportionally. So, just to give you an example, let's say that when we got married, she moved into the apartment that I had been in. Well, even though I was paying proportionately, the amount she had to contribute to rent was way higher than she used to contribute.

So, that was a trap. We had to figure out how to deal with that. Another example is when we would travel, I want to stay at nicer hotels. She's less interested in these fancy hotels that I love. So, we made a rule of thumb, which is, this is the type of hotel we'll stay at, and then if I want an upgrade, or some nicer room, or suite, or whatever, I'll pay the difference. I noticed the two of you are smiling.

Josh: Because that's-

Ashley: I hate that answer.

Josh: That is exactly how—you hit the nail on the head there. That's a lot of the underlying issue, is that we want to do things, like you mentioned, in proportion, but whose lifestyle are we splitting 50-50? So, the vacation thing was a perfect example. I said the same thing. It's like, hey, if our vacation starts, where your budget's, at least early in the relationship, early, if your budget is 200 bucks a room a night and my budget is 200 bucks, whoever's the lowest common denominator, like that's our budget for the room. Now, if the room is together, we can pay 300. Now, boom, I surprise you, and I take up the rest of the room and take it to 500, that's my choice, but our baseline is what we can do together, and it's up to the other partner to elevate it.

Ramit Sethi: And Ashley, I'm going to guess that you did not find that particularly romantic.

Ashley: No, because in this—yes, in this sense, because you're the man doing it for your wife, but this is a role reversal for us, because I'm the one that likes nicer hotels and rooms, and things like that, but I don't want to be the one to pay the difference. Like I don't even want to split vacations 50-50.

Ramit Sethi: Ashley, let me ask you a question. What if you did?

Ashley: To which part?

Ramit Sethi: What if you did split vacations? What if you did even pay more, sometimes, for certain things?

Ashley: We have split on vacations, not all because of last year's not working. Here's my thing. I think it's not enough people talk—not that people have to talk about their finances, I don't think enough people talk about what they do, so what I am assuming is normal might not be normal.

Ramit Sethi: Why do you think I started my podcast?

Ashley: I assumed that with your success, you pay for all the vacations and stuff for you and your wife.

Ramit Sethi: No, let me tell you how it worked, and let me tell you how it works now, because it's changed, and I expect that it will change for you, too. So, you assume that because I made more money, I paid for everything. Okay. Right?

Ashley: Yes.

Ramit Sethi: And that means vacations, dinners, all that stuff. Now, I'm very happy to be generous and splurge on my wife and my family. I love to do it, but can you imagine what message that communicates to a partner when you pay for everything? What message does that communicate if I were to do that with my wife? Yeah, I think it would communicate that I'm generous, but what else would it communicate?

Ashley: It would communicate that you're the man of the house and—yes.

Ramit Sethi: I understand, in your view of masculinity, he should pay for everything. I get that. I'm not arguing with your view, it's your view. I get it. I would say that it would not define us as partners. Partners don't have to be contributing the same amount, but they do have to put some skin in the game. It would make things a lot less fun for us because part of the joy of talking about these vacations is that we get to sit there, and look at these different hotels, and what kind of food tour are we going to go on, and both of us are engaged, we have skin in the game.

It would also send a message that I am always going to be here to take care of you, and while that is a great message and it's very lovely, I'm going to be dead one day. And how would it be if I leave my wife with no financial skills, whatsoever, not knowing how to spend money, who's ripping her off, which investment adviser, all this stuff, and she's left helpless, and I'm gone? What kind of message would that send?

I don't want to simply take care of someone by doing everything for them. I'm happy to spend and splurge, yes, but I want a partner. Do you see the difference in perspective? And now that she's started to earn considerably more with the success of her business, here's what's amazing, our finances have changed, because of her business growth, and this is what I hope for you two as well, we are not arguing over \$20 here and there.

That's beneath what we call our worry-free number. What we do is at the end of every year, we plan out our next year. What trips are we going to take? Who are we going to take with us? What kind of gifts are we going to send? We put the money aside. And we already have a few rules of thumb. We're going to do it proportionately, this and that bonus, et cetera, and we don't think about the minutia on a day-to-day basis. That took us a long time to get to. It's quite a sophisticated system. But what does it feel like to her and me?

That's what I want to tell you about. To me, it feels like, because we are combining our incomes, we can row in the same direction and get to our destinations faster than we ever thought. That's amazing.

Second, I'm here watching my wife develop her financial skills and go from the early days, when it was scarcity-based, now, she's abundant, and she goes, "Hey if we want to do this amazing trip, we could do it. Here's what we need to do." She's become highly sophisticated in that way. That's partnership. We're each making each other better. What do you think about that?

Ashley: I think that sounds good. I feel like maybe some of my views are a little bit antiquated, and I was just assuming, like I assumed your situation because I do want a partnership, I don't want a man to hold finances over my head and use it as any sort of device, or tool, or whatever. I want a partnership with him. I just like, it because I feel like nobody talks about this kind of stuff, I always am under the assumption that, well, everyone's husband, boyfriend, whatever, is paying for their girlfriend or wife, because nobody talks about it.

Ramit Sethi: I'm so glad that you're saying this, because you're right, nobody does talk about it. That's one of the reasons, on the podcast, I call it real conversations with real couples from behind closed doors. Nobody talks about this. You go out to dinner with your friends, and somebody, I'm guessing in your

friend's case, the husband or the man puts the credit card down, but you have no idea, is it his card? Is it their joint card? How do they reconcile this at the end of the month?

Nobody talks about it. And so, I do think your views, antiquated are an interesting word. It's a somewhat judgmental word. I'm trying very hard to tell you, I'm not judging your views, but I am trying to show you some different perspectives. In the days when it was very common for husbands to work and wives to not, in many ways, it was simpler, but there were some serious costs. You would have not had financial control. In those days, if your husband left you, you were really in trouble.

You also would not have had a say in as much as you can today, especially earning \$140,000 in your 30s. You're a powerful woman. You can choose if you decide, you know what, I've contributed to our joint account, maybe we're married now, and I've decided that as part of my monthly personal spending, I'm going to do this nice thing that I love, and it's guilt-free. You don't have to answer to anybody on that. That could not have happened in the past. So, I hope that my sharing how my wife and I think about money is eye-opening to you because it's not as you thought.

Ashley: Absolutely. Thank you for sharing that, because I want that partnership with Josh, and I want to contribute, I want to be financially independent, and all of that. You're right. Nobody knows what goes on behind closed doors. Nobody knows about the conversations they have. What you just see is the facade that people put up. And while those conversations might not be sexy, or romantic, or whatever, they are necessary, and hopefully, we can come to a place where we establish enough of these rules of thumb in the beginning that it just becomes second nature to us, that these conversations no longer need to happen, and the sexiness and the romance of that stuff are at the forefront again.

Ramit Sethi: You will get there. From what you just told me, it gives me confidence in your ability. When I had fights about money, it was very hard to imagine that there would be a light at the end of the tunnel, where we would be happy talking about money. If someone had told me that, I wouldn't have believed him at the time. Because we had our equivalent of you two fighting about dinner, we figured out our systems, and our rules of thumb, and we focused on simplicity.

We have a monthly standing meeting where we talk about the nuts and bolts. We have goals like a Rich Life vision. We know this is where we're traveling. We even know the hotel room we are staying in. And we talk about it every month. It's exciting to us, right? We're working towards something together. We're building it together. That elevates us beyond talking about, whether are we getting the chicken or the fish.

That's such a tragedy to live a life smaller than you have to. And so, my wish for you is that you elevate yourself to the Rich Life vision. As you pay this debt off, you're going to start to discover, "Oh, my gosh, we need to think about this, how much are we going to save?" And by the time you both get to zero, which could happen quite quickly, you're going to have some amazing new financial habits built.

I received a follow-up letter from Ashley and Josh. Here's what Ashley wrote. "Ramit, there were so many key takeaways that I'm going to bullet-point out below. Josh and I talk a lot at each other, but not necessarily to each other, and not in a concise manner. I never thought about the fact that I'm not facing any real consequences from my debt. My expectations are based on thoughts and not reality. I was constantly assuming that a couple, married or not, and especially a couple with money, had the man always paying for vacations, dinners, et cetera. That was a real wake-up call that life isn't a fairy tale and my assumptions are wrong."

Podcast Episode 36: We make \$145k per year but have \$828k in debt - and feel totally paralyzed

Synopsis: Sarah and Nat are physical therapists who are making things too hard for themselves. The enormous cost of education coupled with relatively low pay has left them burdened with debt that colors every decision they make—including whether or not to have more children. They've spent ten years worrying about it but are still without a decent plan. I want to help them discover what it would look like to live a Rich Life, with or without debt, and I lead this episode in that direction. But when I walk them right up to their solution, it leads to another, more important, question... Do they even want to change? Tune in to find out.

Podcast Transcript:

Ramit Sethi: Of all the people I meet in financial trouble, the people in the worst situations are veterinarians. They incur huge costs for school, and then they enter a profession that doesn't pay them that much. The second worst group is physical therapists. And today, I'd like you to meet Sarah and Nat. They're both physical therapists, and they met in PT school. That means they have a huge amount of debt, which has grown over the past 10 years. It now dominates their lives and it hangs over them like a cloud for so many decisions, where they work, where they live, even if they should have more children. I wanted to speak to them because there are so many people who feel trapped by their student loans, that they get paralyzed with inaction. They develop tunnel vision and only see the world through the lens of their debt. I wanted to see if I could help Sarah and Nat develop a plan to live their rich lives, even with hundreds of thousands of dollars in debt. Listen to their story and stay until the end for the follow-up. I'm Ramit Sethi, and this is I Will Teach You To Be Rich.

Sarah, what was the first moment when you realized that you might be in financial trouble?

Sarah: You go into PT school, you finish your degree, you come back for your graduation, and they go, "Hey, everybody, you have this mandatory meeting, and they sit you down, and they give you an envelope with your number". It's the most terrible moment, because my husband and I, now, we were dating, and we kind of knew that that wasn't the best part of the fact that we met in PT school, is that, now, we're going to have two envelopes, right?

So, we're sitting next to each other, and we open our envelope, and it just gives you several, here's what your debt is. It was around \$175,000 at that time, and it was before some of that had—we had a six-month grace period, which also was building interest, but we didn't have jobs yet, so you couldn't start paying on it. So, there was some other—it capitalized later and was even bigger. But yeah, it was about 175, 180, I think, for me. And then, they had, what do you call, a panel of people that come in, and they tell us, how did they manage their debt?

It was one of the most depressing moments of my life, because these people, "I finished a competitive doctoral program", and they had one girl saying that she waited tables, another person saying that she, basically, for 10 years, just put all of her salaries to paying off her debt and lived off her husband's income. We look at each other like, well, that's helpful for us, because that's not going to happen. And there were a couple of other examples. So, yeah, that would have been nice to have gotten before I got my envelope of debt.

Nat: I don't remember having those feelings at all. I thought that was about what I expected, and I knew it was going to suck. But I remember, that changed Sarah. I think that she's felt like she's been under the weight of that ever since. And I've not been happy about the fact that we've had that amount of debt, and I have more, but I don't think it's felt as heavy to me as it has to Sarah.

Ramit Sethi: How many years ago was that?

Sarah: Ten years ago.

Ramit Sethi: And since then, has that number gone up or down?

Sarah: Up.

Nat: Up.

Ramit Sethi: Yeah. So, now, you have \$298,000, Nat, and Sarah, you have \$235,000, and these are in your grad loans, correct?

Sarah: Yes.

Nat: Correct.

Ramit Sethi: Okay.

Sarah and Nat have an especially tricky situation since both of them have substantial debt. Did you catch what Sarah said? How, at the very end of her program, people came in to talk about how to deal with the debt? One person waited tables. Another had her spouse pay it off. Notice, that was at the end of the program when they'd already incurred \$175,000 of debt, not at the beginning. Interesting. So, how did they end up in this position?

Sarah: So, my naïve self-thought, well, I know it's a lot of debt, but they know what PTs make, why would they make the school cost so much more if they know what PTs can pay off later? And then, they kept touting the income-based repayment plans, which we're on. So, I was like, yeah, that sounds like a lot of money, but I just don't think I knew, and I didn't see how the capitalization process, I didn't understand money the way I have been forced to understand it now. And so, I think that's a big piece of it for me was, well, kind of like the housing bubble, well, they wouldn't approve me for this mortgage if I couldn't afford to pay it. I think that was the version of that I was in.

Ramit Sethi: You go back to that 21-year-old Sarah, what would you tell her now?

Sarah: I would say, this is what your bill is going to look like later. I'd say, do you want to pay this much money later? I don't want to live in the past, but yeah, I would probably have changed it. If I'd known about the debt, I probably would have gone to an in-state school, and maybe lived at home during those years. And I've told every PT student that's come through my doors the same thing, but it's not me. And I've tried to share that knowledge with—and I think I've changed the course of a lot of those students' decisions, and just given them numbers, and they're like, "Oh, my gosh, that terrifies me". "Yeah, here it is."

Nat: I knew it was going to be a challenge. I knew in relative terms what I was facing on the other end of school, coming at a graduation, but I also knew, I thought the experience was going to be worth it and I thought the job was going to be worth it. Satisfaction with what I'm doing with my career, doing something well, helping people, and living that type of life. That was more important to me.

And I honestly didn't care about the debt. I knew it was going to be there. I knew it was going to be hard. And if I look back, I would have not taken on that debt. I wasn't considering what it was going to do to somebody else. No one in my family had ever talked with me about money. My parents never taught me anything about money. God bless them. I didn't know the impact it was going to have on my marriage, and I wouldn't have done this if I could go back and change it.

Ramit Sethi: I want you to start listening for clues as to why Sarah and Nat made their career decision. Do you think they were fully informed about loans? Did they understand what those loans meant for their lives? Were they being impulsive? I also want you to think about how many of us make large money decisions without understanding the real implications. Think about buying a house, or an expensive car, running up credit card debt, or just not investing. These are big decisions that can affect your life for decades. I have to tell you, I hate hearing the regret in their voices. And when I asked how it's affected them, Sarah opened up to me.

Sarah: I think it makes us feel like we almost consider not having another kid, and ultimately got to the point where I was like, that's crazy. The whole point I went into PT was so I could have a family. Now that we've had our second kid, it feels like, at least I'll say, I feel like I'm drowning, because of childcare, that's more than I make most months.

I mean, it's made us feel like we've had to give up some of our dreams of the kind of lifestyle I thought I was going to live because I still want to put family first. So, like for us, I mean, I used to travel. I've lived overseas as a kid. I backpacked to New Zealand. And it makes me sad because I don't know what our way out is. And I think Nat and I kind of just have to, a lot of times, just take it day by day, and we're kind of just surviving.

Ramit Sethi: When you talk to other PTs, what do they tell you? How are they dealing with this situation?

Sarah: I've had a couple of friends with their glass of wine saying, "I paid it off". However, knowing—I mean, I don't know their entire financial situation, but I'm assuming a lot of them were putting most of their salary towards their debt because their spouse is kind of in a nicer position job. And I think that's why Nat puts that pressure on himself, but I don't blame him for it, it's just not our situation, right?

We both chose to go to PT school and we both kind of got ourselves into that debt. But that is the reality of a lot of couples. Now, we do know a couple that also met in PT school and one of them, I don't know how aggressively they're able to pay off their debt, because I think it was almost double ours, believe it or not, but from day one, he is a hustler, and he was like, he worked two jobs, and he serves them cash pay business, and I think he alone makes 170 doing cash pay PT, which is a conversation we keep having that maybe we can go down that road for one of us, or both of us, or whatever.

But that's probably the only situation where I've seen people just make enough more, but it's still income-based for us, so there's that. I do remember when I wish they hadn't asked this, but during one of these little meetings when we all got together as a class, they said, can we just see a show of hands of who had to take out loans, not how much, who had to take out loans? And it wasn't a lot.

We had, what, 60-something in our class? It was not a lot of people. And I felt so duped at that point. We had a lot of wealthy people I think whose parents were paying for their grad school, and I just, again, was dumbfounded by that. I was like, oh, my God, what did I do? What did I do? I was the only sucker that couldn't afford the school and paid for it anyway. So, I think that's why we're in kind of a unique situation.

Nat: Yeah, I see everyone I know that's a physical therapist falling into kind of one of three pools, and that's one. There's only one PT and the other person makes a lot of money, so they're paying that off. Two, one person is okay with being aggressive about paying something down and the other person didn't have that much debt, like our friend that Sarah mentioned. And he's working a lot, and he's worked some 100-hour weeks, and he's just not home, and I don't think that we're—I don't think—I could do that, but I don't think Sarah could take it.

Sarah: And they were able to do that before they had a kid, too.

Nat: And he's still kind of doing it and I just don't think that's what we want. I don't want that for our kids. And then, I think there's the third, which is, I think what we were for a while, which is you kind of accept it, and eat the debt, and at the end, you're going to deal with what you have to deal with, and you have to be happy enough that you've got what you've got, and you're going to defer those payments until the end, and then deal with it. And I don't know that there's another alternative. Physical therapy schools are the football program, in essence, for medical schools now. They're the moneymakers and the cost should not be what it is.

Sarah: And it's our initial version of the students that don't know that, and then they make not enough.

Ramit Sethi: Before we go on, if you were in Sarah and Nat's position, what would you do? Let me give you some information that might help you. Nat makes \$102,000 per year and Sarah makes about \$43,000. What do you think? What would you do?

Sarah: I'm commissioned and I just had a baby. I've made up, what? What do you think of the most I've made at that job, Nat? What, like 70? If I was working five days a week, 8 hours, I'd probably be in the 70s. It fluctuates a lot.

Nat: No benefits.

Sarah: And no benefits. No benefits.

Ramit Sethi: No benefits. Nat, what about you?

Nat: I took this job about three years ago. I started it around 88,000, and I've worked my way up, and my primary job is about 95. And then, on the side, I have a job where I coach ultra marathoners, marathoners online, and then I do some in-person PT visits, just cash pay, and I make another 6 to 10 grand with that, depending on the year, but the time is limited that I've done that.

And so, I feel like we discussed opening that up, so I can make a little bit more, but I feel like when we look at the differential on it, us making 120 and me being gone that much more, that stress is not—relative to what it's going to cause negatively or what it's going to impact negatively, it's not worth it for us to do that. And so, I've got an 8:00 to 5:00 job where I make 95 and I've got this other job where I make—

Sarah: And Nat has good benefits. He has all the kids on the health insurance. We have an FSA that helps with daycare.

Nat: I can work from home.

Sarah: He's got great PTO. He has all the benefits I don't have. I have a small 401(k) match. However, I have complete autonomy and flexibility with my schedule. I make my schedule. So, I've become the, I pick up the kids and I do most of the childcare stuff. And especially since I've had—I mean, our baby's six months old. So, that's why this is kind of—the timing is also just hard.

And I think I struggle knowing what—we have been having a lot of conversations about my job and what to do with it because it's not enough money and not having benefits certainly doesn't help, but I also have this job, because I've been there for ten years, and I have an entire following. I have my sustained referral network. So, to know if I go and just take the busy, where I'm going to have tons of paperwork, and I'm going to see way too many patients, and start over, or do I try to do my own cash pay thing, but then it's just—that's the kind of crux that we're at right now, is trying to figure out, when, and if, and how that would change.

Ramit Sethi: You've both mentioned the word, cash pay, is that just somebody coming in and paying you cash? Is that what you're referring to?

Sarah: Instead of using insurance. So, one of the reasons our field is so underpaid is that insurance pays terribly. It's part of the health care system. Even Medicare's recently cut rates instead have gone up. So, like our salaries are stagnant, and clinics can't afford to pay therapists well unless you're seeing a ton of people, and now, not being the type of therapist that you want to be.

So, PTs either have to take a salary cut and have the type of practice they want to have like I have, or they take the increased pay and they don't treat the types of patients they want to see, or they see a ton of patients. So, right now, Nat is in a sweet spot, where he doesn't have a ton of patients and it's paid well, but it's not the population he likes.

Nat: Yeah. I think Sarah just described me in those last two situations, where I tried seeing the people I wanted to, but I was seeing 65 people a week, which is awful. And then, I kind of jumped on a grenade with this last job just so we could make more money, and I kind of hate it. It's not a fun job.

Sarah: It's not what he wants to do, and I have a job that I love and it pays terribly. So, we have to either both work jobs we hate, or I mean, again, it's just one of the things that we're struggling to figure out with PT.

Ramit Sethi: Yeah.

It's pretty interesting to notice how many details they just gave me. It's like they went from 0 to 100 in just a few sentences. They suddenly went from talking about children to Medicaid, and PTO, and 401(k) matches. They're so deep in their industry, that they even use phrases like cash pay that mean nothing to an outsider like me. This is revealing. I also noticed that Sarah and Nat both seem trapped by their work situations. For example, with Nat, he doesn't like his job, but he can't leave, because he needs the benefits. Now, they could wait for their debt to be forgiven via a loan forgiveness program, but even that has a complication that is paralyzing them.

Sarah: When that loan is forgiven, you have to pay taxes on it, and that could be a lot of money. So, are we now taking out another loan? And I have not gotten any good advice on this. I've even tried to look to see if there like, are there attorneys that specialize in this that could guide us. So, when we do finally make that last payment, whatever's left is our income, and we are taxed on that, and that could be a very big bill itself. So, that's really where I just, if I knew that that was going to work out, I think I'd feel a little better about just punching the numbers and getting through it.

Ramit Sethi: So, theoretically, under this program, you pay off roughly 1,500 bucks per month, and then after X years-

Sarah: Twenty-five.

Ramit Sethi: ... the debt is forgiven, theoretically, correct?

Sarah: Mm-hmm.

Nat: Yes, and another 15 years. Yeah.

Ramit Sethi: Another 15 years, very good. And then, there's just one catch, which is a very large catch, and that is that the amount forgiven might be taxable.

Nat: Like we made it. Yeah.

Ramit Sethi: So, how much would that be for you?

Nat: I mean, do the math. It's going to look like we probably made about \$700,000 a year. I think it'd probably be close to \$200,000.

Ramit Sethi: Okay. \$200,000 that you would have to pay that year, and have you talked to people who have had to pay something like this before?

Nat: The program's new. So, we sit at the shittiest intersection of all time concerning loans when we came out, but the way I've seen people speculate about how they would manage it is, especially for the length of time that we've been out, you refinance your house, you bake it into your mortgage, and you can do what you will there, or there's probably going to be something else when this comes out for a repayment plan, which is ridiculous because then it would just extend it.

Ramit Sethi: So, right now, you don't know. You're sort of the early cohort of this program and it's pretty risky because you have to wait 15 years to find out if anything has changed, et cetera, but let's just play out the worst-case scenario. Okay. You pay off 1,500 bucks a month approximately for the next 15 years, and suddenly, you reach the end of your income-based repayment plan, and hundreds of thousands of dollars of debt are forgiven, you're hit with a taxable amount of a lot, and you owe \$200,000, what would happen to you?

Sarah: We have to-

Nat: It depends on how we have to pay it.

Sarah: Yeah.

Nat: Honestly, that doesn't freak me out as much as the financial stipulations of now, but I honestly feel like it's something where, in 15 years, we're in a much different financial position.

Sarah: I don't know. I mean, that's kind of why it does kind of feel like it's never going to end, and that's why it's overwhelming for me.

Ramit Sethi: Well, I do want to point something out. This is the worst of the worst cases that we're talking about, and the thing that you've been living under this cloud with for a decade, but you never actually thought about what would happen in this worst case. Do you realize that?

Sarah: Oh, I've thought about it, but it doesn't feel like I do have a plan. I'm worried about it. I've been like-

Ramit Sethi: You've worried about it, but you haven't thought about it. That's a key difference. That's a great insight. You've worried about it, because when I hear the two of you talking, you start to spin, "Oh, my God, and then the kids are going to be in college. Ah." And I get the worry part, these numbers are huge, but when I ask you some real simple questions, how much would it be? You're like, "Ah, I don't know, plus or minus". I go, "Okay. Well, what if it was 200 grand? What would you do? What would that look like?" And you're both silent. Have you noticed that?

Sarah: Because we don't know what we will do.

Ramit Sethi: Well, let's play it out. So, 15 years from now, how much will you be making at that point?

Nat: I would think I'm 150-plus.

Ramit Sethi: Okay.

Nat: Easy.

Ramit Sethi: Good. Sarah, what about you?

Sarah: I don't know. I don't know how much PT changes, but let's say I could still be working full time, I would hope that I'd be closer to 90 or 100,000 by 15 years.

Ramit Sethi: Yeah. Let's say 100. It's very interesting. I find that people are hesitant to project how much they will earn later and they're especially hesitant to say a number that's bigger than what they're earning now. It feels like they're committing that they now have to live up to. But when I'm looking at you, I go, you're 35, you've got two kids, you're intentionally working part-time right now. Those kids are older. They don't even want to hang out with their mom when they're 17 years old. Okay. So, you're working, and the economy, hopefully, is great over time. To say that you could go from a full-time 70K today to 15 years from now making 100K, to me, is very easy, very reasonable.

Sarah: Okay.

Ramit Sethi: Okay. We got 100 for Sarah, and then, Nat, you said 150. You're making 250,000 bucks a year. Okay. You're both alive and thriving. Family's doing great. You are making 250K, and suddenly, you get hit with a 200,000-dollar tax bill. What happens?

Nat: If that's the worst-case scenario and we can't pitch anything else at it, we would just tweak our mortgage. Honest to God. But I do feel like there will be some federal shift in regulations, but I'm just not banking on it.

Sarah: I mean, we do have retirement accounts, and it's like, gosh, I would hate to have to take it out of that. I don't know. I think that's the only thing I can think about if someone hasn't written some golden law by then.

Ramit Sethi: This is very revealing. They've spent 10 years worrying about their financial situation, but when I ask them what their options are, they don't even know. This is extremely common. Like I've told you before on this podcast, most people are problem-oriented, but when you ask them, alright, what are some solutions? They don't know. Most people go their entire lives worrying about money, but they've never read a single book about personal finance. Don't just laugh. Think about it.

If you're listening to this, have you read *I Will Teach You To Be Rich*? If you want to start a business, you want to earn more money, have you used my Earnable program, or if you're worried about debt, have you gone to Google and typed in debt payoff calculator? Sarah and Nat are a great example because like many people, they're adept at talking about their problems but less focused on solutions. I've also said, that people with problems love to talk about their problems, but the good news is I have confidence that we can get them to a solution. I have confidence because, for them, the stakes are high.

Nat: All I want to do is make Sarah happy, and take this off of her, and give her the life that she wants, and I feel like every day is me trying to figure out a new side hustle, another way to get more money, and none of it makes a dent. And that's just impossible for me to reconcile.

Ramit Sethi: Yeah. I hear just the overwhelming numbers, but then on top of that, I hear the uncertainty of what's going to happen. You have been shepherded into this situation through different parts of the system. So, if you think about it, the schools that you went through didn't inform you as to what the debt was going to mean. And in fact, a lot of them kind of—some of them often even obscure how much you're going to walk out of there with.

Now, you've got these jobs, but there's insurance, which causes your payments to be cut down dramatically, and then you can't find childcare. It's not available. Then, you're tied to your work for

benefits, which is, in and of itself, a crazy thing. Only in America, well, of a few countries, is your insurance tied to your employment. It makes no sense. So, you have all these things and it's putting you in this corner.

I'm also hearing the choices you made, right? And you both have acknowledged this. You both chose to go to PT school. They did inform you to some extent of the information, probably not as user-friendly as it could have been, but they did have the information. You've chosen to take these jobs for a variety of reasons, including you don't want to work more than 8:00 to 5:00 or you don't want to work with certain patient populations. You've chosen to live where you do. And so, we got to figure out what can be done, if anything.

That's the question that we're facing today. I'll just say, you can't change the system. You're in it. You're deeply in it, to the tune of hundreds and hundreds of thousands of dollars. So, the only thing, in my view, that you can change is some of the decisions that you have made. Now, the crux of my question is, do you want to change? Do you want to change? That's a very profound question for the two of you because as it stands today, you've been at this job for 10 years. That indicates to me that you have not wanted to change in 10 years.

It's tempting to pick a side in the student loan debate. Some people yell at young graduates, saying, "You're the one who chose to take out the loans. Now, you should pay for it no matter how much it affects your life". On the opposite end of the spectrum, some people want student loans canceled entirely. I want to show you that it's a lot more complicated than those two sides.

First, notice all the structural ways that society makes it so, so difficult to get ahead. Sarah and Nat's schools didn't inform them about how much debt they'd be taking out. And if they did, I'm guessing it was probably on some obscure website. Is that meaningful to an 18-year-old kid? Does an 18-year-old kid even know what interest rates are or how debt compounds?

Of course, not. If you ask some kid what \$200,000 of debt will do to them, how it will affect their ability to eat out 10 years from now, they'll just look at you and blink. They'll have no idea. Some schools simply don't volunteer that information. Other schools actively hide it. They'll hide information like their graduation rates. And in those cases, it's not just the ignorance of students. Those students are actively deceived.

Then, it gets even more complicated. Getting insurance is expensive. Why is insurance tied to our employers in America? That's not how it is in many other countries. The result is that we can't switch jobs or start a business as easily, and you can see how this affects Sarah and Nat. They're trapped. And of course, COVID came out of nowhere, making childcare much harder for them.

All of these factors multiply and even interlock to make it extremely difficult to change. My wife and I learned how to eat in a healthy way many years ago, and when we travel, we find it difficult to make healthy food choices. We've talked about this with each other, about how we wish it was just a little easier. I feel the same way about money, too.

I wish it was just a little easier for things like automatic enrollment in your 401(k), to not have to fend for yourself against all these predatory companies. I still want people to take responsibility for themselves, but I wish it was just a little easier. And when we come back to Sarah and Nat now, we also need to acknowledge, that they made these choices. Nobody forced them into it. I can talk about how difficult the system is, but shouldn't they also be responsible?

That's why I find their situation so interesting. And I hope by showing you these perspectives, you can see that people's financial choices are rarely simple. I'm going to ask them if they truly want to change. It can be hard for people to change their behavior if there isn't something urgent or important. It's not enough to want to be out of debt. There's got to be a reason to want to be out of debt. Candidly, they have lived with their debt for a decade, and they've done very little to improve their situation, so I'm wondering if they're ready to change.

You're here talking to me because you're interested in seeing if there's something you can do, but I guess my question to you is, what are you willing to change to live a better life?

Nat: Anything.

Ramit Sethi: Really?

Nat: Yeah. I mean, the job that I took, Ramit, if you would have asked me 10 years ago if this is what I'm doing, I would have told you to get the hell out of the room. I mean, sometimes, I wake up, and I'm like, what am I doing? I just know it's so good for our family right now, and for me, I think it's helped me to know, that whatever it is, I'll do it. I'll figure something out. I'm willing to work more. I'm willing to work less to get Sarah's stuff started. I'm willing to ask Sarah's parents if they want to help us out and like bankroll something, so we can start a business. I'll do anything.

Sarah: Nat had a lot of conversations about me going out on my own and doing my own cash business. And I think to not get into the unnecessary weeds, there's been many reasons I've stayed at my job, in part because Nat went through, what, five or six different ones, and there were a lot of bad clinics out there. And I had this unicorn a job is supposed to pay you well, so it's not perfect, but I have just the most wonderful practice. I have been there, and grown, and I, coming back from maternity leave, is always like this nice, it's like, "Oh, we've missed you", and I have people calling to ask to get in with me.

So, that's why I took on the debt, that's why I went to school. So, you're right. It would not be an easy thing to leave, but I also don't want this stress. I don't want to feel like I'm having to borrow money from my parents, which we've had to do, because it's so tight at times. I'm still not doing it to pay off our debt. I'm just doing it to not be as stressed, we don't even have a student loan payment right now, because of the wonderful temporary hold in loans, and it's still tight. So, I mean, yeah, there are some anxieties, but I'm willing to look at any angle, I'm still curious to see how that helps us in the long term, not just the short term.

Ramit Sethi: Well, let's talk about the elephant in the room, which is even if you make changes, does it do anything, because of your loans? I think that's the crux of what is going on here. So, you've got a total of \$828,000 in debt. That includes, you've got a mortgage, you've got a home equity line of credit, which is for a modest amount, you've got a car lease. Wait. What kind of car is this?

Nat: A Hyundai.

Ramit Sethi: A Hyundai.

Nat: Yeah. Hyundai Elantra, man.

Ramit Sethi: How much are you contributing to investments every year?

Nat: Between 12 and 15,000, depending on the year.

Ramit Sethi: How much do you think you would have in 15 years? Just guess.

Nat: 400,000, 500,000.

Ramit Sethi: So, currently, you'll have 786,000. Okay. That's if you only contribute \$15,000 per year. Now, do you think that the amount you'll contribute will be higher or lower than \$15,000?

Sarah: It's going to be higher.

Nat: It's going to be higher.

Ramit Sethi: How much? Give me a number. Again, I'm not holding you to it, but let's just play. Give me a number.

Nat: My goal is 25.

Ramit Sethi: 25,000 it is. I think that's a nice number. It's conservative, in my opinion. I think that if you're making 250,000 a year, you're probably contributing a huge amount, which brings that average up, but let's be conservative. At \$25,000 a year, if you're contributing, by 15 years from now, you have \$1 million in your investments. Okay. Now, if you just let that sit, do nothing, and you wait five more years, that turns into \$1.6 million. Do you see how fast that grows?

Sarah: That's why we do invest, and we've done the number crunching, where there's a calculator, and then you look, and they make you feel like it's never enough, like, oh, this is way under what you should have. So, I think that, for me, has contributed to some of the anxiety of, well, I don't want to use some of that, you know what I mean? Please make me feel better.

Ramit Sethi: Okay. Just think about this. If you had \$1.1 million in your investments. Okay. You also, at that point, have a house that's paid off, likely worth more than it is now. Let's just conservatively say that it's worth, I don't know, 800,000. Okay. So, let's round-up, you got 2 million bucks in assets, and you get a 200,000-dollar tax bill, by the way, at that time, you're making \$250,000, what are you going to do?

Sarah: We're just going to take it out of our investments.

Ramit Sethi: There are so many things you can do.

Sarah: I feel that we should have just more of an emergency fund. I mean, probably especially because my income is not predictable, and we have had things happen, where it's like a car goes out, and we have to get a lease all of a sudden. It puts us in a situation where we have to take on debt when I don't want to, which has happened, and things happen, where my short-term disability didn't come through. And to be fair, that number is also with my parents giving us thousands of dollars in the last few months. So, if they hadn't stepped in with a couple of things, I think it would be even lower. And I'm not comfortable having two kids and having, what, \$10,000 total of all of our checking, like our just liquid right now, what we can have on our account. That, to me, isn't comfortable.

Ramit Sethi: Okay. So, I feel like we're really in the weeds now. So, we just went from your debt problem in the worst possible case is manageable, and now, you're reveling. I don't know if you noticed this, Sarah, you're reveling in talking about how bad you feel about your checking account. Do you notice there's something else going on here? Have you both ever felt good about money?

Sarah: About my financial situation, no.

Ramit Sethi: Since when?

Sarah: Since I got the envelope of money and figured out that the job that I had worked to do was going to end up costing me so much money. And yeah, I think the emotional part of that is I chose that job because it's what I want to do, what I was good at, and I worked really, really, really hard, and then you figure out that to do the job that you did went to school for, you are now having to choose, okay, now, you have to do the job you didn't want to do after all or you're not going to make money doing what you do want to do, and it's just like it wasn't worth it. Why would I have gone through all of that just to do a job that I can't stand for 25 years, to make the numbers look better? And so, it is. It's hard. I chose PT because I thought it would offer a good balance of work-life balance, and I think that's what's hard about it.

Ramit Sethi: It is hard. I can hear that. And you also have all these things making it just a little bit harder, childcare, COVID, car shortage, labor shortage, each thing, is just 1% harder, and it just adds up. It compounds actually, and you go, "Man, I wish these were just a little easier". I've heard both of you acknowledge you decided to take the loans out. I haven't heard either of you try to evade responsibility for

that. Not once today. I will say that I wish it were just a little bit easier. I wish you had easier childcare. I wish that your benefits were not tied to a job. Makes no sense, whatsoever, right? I wish that there was clarity on what's going on with this massive loan or what's going to happen 15 years from now. I wish there was clarity there, but the fact is there's not. So, we've got to decide what changes you are willing to make, and then we also have to talk about the way that you both look at your finances and the way you feel about your finances. This is important. We addressed the biggest elephant in the room, and nobody took a second to go, oh, my God, pat on the back, high five, like we can do this. That, to me, tells me that we could solve all the financial problems, but you're still going to feel horrible about money. That's not a rich life to me. You could have money, you could have \$1.2 million, the calculation we ran, but you're still going to feel anxious, and then when you're 50, you go, "Oh, my God. I got to pay for my kid's college. What am I going to do? It's going to be another loan", da, da, da, da, here you are for the next 30 years feeling bad about it. I don't want that. Sarah, what do you think it would take to change your feelings about money?

Sarah: I would like to see us have our kind of emergency plan not be my parents.

Ramit Sethi: Okay. Well, why don't we do that right now? If you're telling me that an emergency plan that you create would make you feel better, then let's just do it right now. Okay. How much do you need in an emergency fund?

Sarah: I would like three months of our salaries.

Ramit Sethi: Okay. So, how much does that add up to?

Sarah: 30,000.

Ramit Sethi: Okay. Sarah, you want 30,000 in some checking or savings account.

Sarah: Correct.

Ramit Sethi: And what will that make you feel like?

Sarah: That when we dip under that, we'll be able to restore it, and not feel like I have to call my parents, and ask for money.

Ramit Sethi: Great. How much do you currently have?

Nat: It's 9,500.

Ramit Sethi: 9,500. Great. Okay. So, we're a third of the way there. Alright. Fantastic. Sarah, how do you feel about having 9,500 in your emergency fund?

Sarah: I mean, that's a starting spot. It's nice to have a number and go from there.

Ramit Sethi: Great. Love it. Okay. What would it take to get to 30,000?

Sarah: I have to make more money. That is why we were having conversations previously about, do we have to invest less. I know I can be typical like trying to control things with money, and I passed off a lot of that to Nat, so I hesitate to know some of the numbers because when I'm in charge of them, I get control freakish. So, what's been healthiest so far is that I let him kind of check on the checking account, so that I don't look at it that often, and we set the budget and go. But since we've had a second kid, I'm now

feeling like we're barely making those numbers work anymore and it's harder for me to trust Nat with those numbers when I see our checking kind of dwindling.

Ramit Sethi: Okay. This is great. So, first off, I want to compliment you for acknowledging that you tend to have these control tendencies around money, and it aligns very closely with this need to be ultra-precise when it's uncalled for. Like nobody cares if it's 95 or 9,800, it doesn't matter. Okay. We're talking about \$800,000 of debt. Trust me, 300 bucks does not matter in what's in your checking account. However, I do want to say, you mentioned it's healthier that you handed it off to Nat, and I want to push you on that. I want to challenge you. I don't think it's healthier, because you are delegating or sort of relegate this responsibility to him. That is very dangerous. It's not that you don't trust him. It's that you don't trust what's going on with the numbers as they're dropping. So, that's going to make you more nervous. It's going to make you act in these peculiar ways. After childcare, you have about \$1,000 per month, is that correct?

Sarah: Yeah.

Ramit Sethi: Okay. So, I mean, if that's the case and if you were putting 100% of that towards your emergency fund, it would take roughly 20 months, almost two years, to fill up that emergency fund. So, how do you feel about that?

Sarah: It's slower than I would like, and I don't even know that we're able. How I feel about that is that isn't even taking into account the student loans that we aren't paying right now. We wanted to have a second kid, and I'm so grateful, and our family feels whole, except I don't feel like we can afford it. And that's what gives me, that sounds great, even if it's a thousand, it's 20 months, again, that's a plan, but I don't realistically think that's what we're able to do.

Once the student loans hit, I feel like we have the student loans plus childcare, I'm not even making any actual revenue at the end or profit, I guess. By the end of the day, I'm just a wash. I have options and they would be to take a different job. It's kind of like we talked about, either work a lot more hours, and provide less quality care, have a lot more notes, or work with a patient population I don't want, or try to start my own thing.

Ramit Sethi: Sarah, what if you did a job that was not PT-related?

Sarah: I think I'd be really sad to explore something outside of PT. And even when I look at—I think even Nat would probably be more likely to go into a non-clinical role. I think he kind of likes the management side of things. He's really good at just being a leader and that's why he looked into teaching. So, I think for him would be maybe someday to look into something non-clinical, and I just get kind of sad thinking about that. I love one-on-one with patients and I think that's what my strength is. So, that's why I haven't even thought about the non-PT side. So, it tells me in my heart that I just have to fight for that to be something that pays me well.

Ramit Sethi: Okay. That's totally up to you. If you feel drawn to it and you can make your PT work, Sarah, fit into your vision of a rich life, then do it. You do need to make some changes. We know that you have this goal, eventually, of filling up your emergency fund. Cool. Now, how can you go get it? So, let's go back to Nat. Nat, we started talking about your job. What do you want to do with your job?

Nat: Keep it until our kids are in school. I honestly feel like it is too flexible and the pay is too consistent for me to have anything other than that format. Not saying it couldn't be something else until my kids are in school. It's too nice to be able to drop something, and then if Sarah's schedule shifts or like we haven't had even childcare the last two weeks, because of COVID, it's been a godsend for that. But yeah, I guess I had never even considered the fact that I could completely change, too. Like we don't have to be completely married to my job.

Ramit Sethi: Okay. So, both of you want to essentially keep that part the same. Something's got to give. The simplest example is you can't build up that emergency fund.

Sarah: Right.

Ramit Sethi: Okay. Are you okay with that?

Sarah: Well, no, I'm not, and that's why I felt stressed, and been looking at jobs, and I have been trying to figure out like what I would do differently.

Nat: I feel like from just like a job standpoint and workweek setup, we know that where I'm at, even if I change what I'm doing, the general position of what I'm doing seems to be enough and okay, but I think on Sarah's end, every time that she's talked about doing her own thing, she sounds happy. Every time she talks about breaking out, doing her job, being paid what she's worth, taking these people with her who like her, having some more flexibility, and feeling safer, she's happier. And I never want to push anybody to do anything, especially my wife, but she just kind of lights up when she talks about that if it's a possibility. I feel like that's what she needs.

Ramit Sethi: Sarah.

Sarah: No, I agree that if I look at what could be and I could have a job where people pay me what I'm worth to do what I already love doing and I already feel like I'm good at, that could have a lot—and when we look at the numbers, I could see fewer people and make more money. I mean, that is one way that you could have that outcome. But I don't know how to resolve my anxiety about taking on that kind of risk. Financially, you don't just start that from the ground up and not take on a lot of risk. And we have two kids. Like the timing of it, I guess that's kind of where I'm at, is trying to figure out what it would look like and what I would do.

Ramit Sethi: What would give you the answer to know if you can do this?

Sarah: Crystal ball, that if, in two or three years, I look in did it work or did we continue to live tight? Because it's not giving us more certainty. It gives us the whole risk-reward. It could reap great benefits and I could make more or it could take longer to get off the ground.

Ramit Sethi: Stop. Stop. Stop. Stop. You're talking yourself in circles. Do you notice? Second time in just this last 60 seconds.

Sarah: I'm a professional at talking in circles and webs. Absolutely. That's just even how I communicate. It's not a strength.

Ramit Sethi: There's nothing that will tell you if you can do it. There's no credential, there's no degree, there's nothing that will tell you if you can do it. What assumptions have you made about starting a business? I heard a couple of them in that last 60-second spinning.

Sarah: I've assumed that I won't have much income in the beginning.

Ramit Sethi: Yeah. What else?

Sarah: That it could fail, that I have to do two jobs at once because to compensate for the said problem, I will have to work two jobs. And so, that is overwhelming for me.

Ramit Sethi: So, that's an assumption, that if you start this business, you have to stop doing what you're doing and you'll make no income.

Sarah: I can't have both at the same time, because it's-

Ramit Sethi: Is that true?

Sarah: Correct. Because I would be taking my current clients and having them pay cash, not using their insurance. I would have to either start over and have a completely different one, which does take many years, that's why these businesses are valued the way they are, because that is—the value in what I have done for 10 years is I have patients that would seek me out, and say, "Hey", call up, "Hey, Sarah's not there anymore", they'd go online, "Oh, looks like Sarah has her own thing", click, "Hey, I'll pay cash to see you. I know you don't take insurance anymore, but I will pay this amount because it is worth it to me." I would probably get fired even if I tried...

Ramit Sethi: Hold on. Hold on. Hold on. This is very interesting, and I think you need to keep an eye on this. Everything you just said sounded super confident. It was like, "Yeah, I've built up an asset. I have all these patients. That's awesome. If I left, they would get on and Google me." I'm like, this is great, you're talking yourself into the business. Like, what's the problem? You just literally laid out your business plan. And then, you go, "So, therefore, I can't do it, because I get fired, so I'm stuck". What if you just didn't say that last part?

Sarah: I do think I'd have people, within weeks, contact me, but it wouldn't be enough to pay the bills, and I don't know how long it would take to get the number of patients that I would need to pay the bills.

Ramit Sethi: Sarah is risk-averse. One difference between entrepreneurs and non-entrepreneurs is that entrepreneurs look for a reason to start a business. Non-entrepreneurs look for a reason not to do it. Listen, if you want a reason yourself out of something, you can do it. Hey, you want to go to Disneyland and have the time of your life? No, might be too hot, the lines might be too long, I don't like churros, plus I hate getting wet on Splash Mountain, or you could say, wow, that sounds a little expensive, but I bet if we set a savings goal and we planned for it, we could have a blast.

Which one are you? When it comes to Sarah, I'm not going to push her to start a business. This is her rich life, not mine. So, now that I've tried to investigate, tried to understand if she would consider that, I'm going to back off. I summarized her options back to her, and I reminded myself, that the point isn't for me to decide for her. It's to show her that she has options and that she needs to change something if she wants to change her circumstances.

I think getting a job in another PT area would be great. It's risk-free. You know what you're going to get paid. It's straightforward. Fine. If that's what you want to do right now, awesome. And maybe when the kids go to school, you have a higher appetite for risk, and by that point, you've saved some money. That's one way to go about it. That's fine. Another way is to say, you know what, I'm going to spend X months preparing myself to go full time and I'm going to leap.

Now, typically, when I work with Earnable students, I don't encourage them to go full-time right away, because that is pretty risky. It usually takes a lot longer than people think to get their first few clients, and you have to try all kinds of stuff. So, my ideal scenario, what I advise people in the Earnable program is to do it on the side, start getting clients or customers, and then learn how to go from three to 4, 5, and eventually, you can choose whether you want to go full time or keep it part-time.

I'm not pushing you into making the cut and starting a business tomorrow. I guess I am pushing you, and you as well, Nat, when it comes to the debt, to get crisp on what are the actual problems and what are some solutions. You'll notice that when it came to the debt, neither of you had thought about, how much would this taxable event be. And like what would you do?

And the answer is, "Oh, it's a lot of money", but actually, you'll have the money to take care of it. When it comes to the business, what are your actual options? Okay. You can't compete. That's not allowed with your contract. Fine. So, what could you do? I could go talk to my yoga friends. Great. Now, we're actually in it and we're out of our heads. And you can start to make a lot better decisions, or at least you can do

something, because just doing the same thing for the next 10 years, it's not going to take you where you want to go, neither of you.

Sarah, sounds like you've got some things to think about. If I were in your situation, I'm not saying I would start a business, but here's how I would think about it. What I would do is I would say, me being Sarah for the moment, I would say, I'm going to keep going to work, make the money. I'm going to make sure that our childcare is dialed in because that's a huge risk. If childcare falls through, everything else falls apart. So, just whatever redundancy is possible would be ideal.

I would start looking at those other PT things, the side things, and I would also simultaneously spend some time talking to my yoga friends, and my trainer friends. Just put the feelers out, and say, look, I'm not ready yet, but I'm curious, I would give myself 3 to 6 months, and I would say, what do I want to accomplish? I want to decide within three months. Even if I decide I'm not going to switch to my own business, fine, but it's time to at least put some decisions on paper, and that will just free you up. And then, you can come back and look at it every year, and, hey, maybe something changes.

Sarah: You can keep talking, but I have got to go. The kids are, we're over 30 minutes past and they're screaming. I don't know. I'm just getting distracted. So, I don't want to—I feel like I'm distracted now.

Ramit Sethi: This was such an interesting moment. I felt like we were just getting into the solutions, and then Sarah had to run. Now, I don't blame her. If you hear kids screaming, you've got to go. But it's just a reminder that there are thousands of tiny external pressures that make changing your life so hard. Think about it. With Sarah and Nat, the two of them filled out an application. They put together their finances, carved out time on their calendar, we're sitting here getting to the meat of it, and then suddenly, their kids need their mom.

And of course, with screaming children, that often falls to the mom to take care of. You see all these invisible pressures, it's not as simple as I want to change my life and pay off my debt, so I'm going to open up a calculator and do it. We're not robots. We live in a situated world. Things are going on around us. I hope this gives all of us a sense of understanding of how hard it is to change. Sarah showed up today, she's being honest, she wants to change, but now, she has to go. Before she left, I shared one last thing.

It's fine to take months and months, even years, to fill up your emergency fund. Don't feel like you have to rush that and put \$5,000 a month into it. And then, your biggest lever becomes, how much can we earn? If we can earn \$5,000 more, oh, my gosh, that's \$500 more that we can put into our investments and our emergency fund.

Sarah: Thank you so much.

Ramit Sethi: Thank you. Bye.

I have to admit, I was disappointed we couldn't finish our call. Thirty more minutes, and I think we could have come up with a crisp set of next steps, but life comes first. Sarah and Nat took these loans out. They're not blaming anyone else, but now, they are trapped by the consequences. I received a follow-up letter from Sarah and Nat.

Nat wrote, "I was surprised by the complete lack of response from Sarah and I when we discussed our student loan debt payoff being less of a life destroyer than we've painted it as for the last decade. This made me incredibly sad. I think we'd gotten so numb and hopeless about the whole thing, and I just didn't realize how much it was coloring the dynamic of our marriage. This was a big moment for me and has made me start to work on educating myself on the actual options we have."

And then, Sarah wrote, "After chatting with you during our podcast interview, I started digging deeper into other job opportunities to make more income without giving up quality time with my kids. I was surprised when you asked if I would do something other than physical therapy, and made me realize I love my job, I know I'm skilled at it, but I want to make more money. I didn't want to simply work more hours. I also felt bored with my position and wanted more time with patients to provide the best care. I also wanted to be paid what I was worth."

Podcast Episode 37: My love language is spending money I don't have

Synopsis: Money can be a way of showing love, but what happens when you're spending money you don't have? Does spending any less mean you love the people in your life any less?

It seems simple, but sometimes it's not.

Meet Jessica and Javier. She's tried to help him with his financial literacy, but Javier only knows how to show love through spending. Unfortunately, his love is bigger than his paycheck. Not only that, he's admittedly ignorant of how credit works. He relies on magical money thinking and is unrealistic about what it's going to take to pay it off.

We're going to get to the root of Javier's relationship with money and show him what's ultimately at stake here—everything. It's one thing to realize you're making bad financial decisions, it's another to turn the page on everything you know to be true about yourself. Let's get into it.

Podcast Transcript:

Ramit Sethi: Welcome to this week's episode of I Will Teach You To Be Rich. Today, you're going to meet Jessica and Javier. I'll talk to both of them, but Javier is the focus of today's episode. Jessica makes \$80,000 a year, Javier makes \$33,000 a year. Jessica has 15K in savings and 175K invested. Javier has zero. Now, in the next six months, they plan to move back to Javier's home country of Colombia, Bogota, but Javier's reckless spending is worrying Jessica. He's \$21,000 in debt.

That might not sound like a lot compared to some of the numbers you've heard on this podcast, but Xavier accrued \$9,000 of that debt on a single trip to Colombia. What happens when someone has no concept of credit as real money? What happens when they can't see the consequences of their spending? Jessica has told me that she can't commit to the move unless Javier fixes his finances, and if he can't do that, that might mean the end of this relationship. I'm Ramit Sethi and this is I Will Teach You To Be Rich.

Jessica: I made a promise to myself that I've been working incredibly hard for the past five years. I'm a contract employee. I don't get holidays. I don't get sick days or vacation days. I work as much as physically possible. I've made myself a nice path in terms of my investments and my financial situation. And I think the stressor for me, in addition to wondering how he's going to handle this debt, is I'm trying to

decide for myself. I made a promise that I would not continue my current job past this June when my contract ends and it's up for renewal. I've done my time. I've worked very hard. I'm ready to switch. Leading up to our Christmas vacation, we did discuss budgets and we had kind of set aside a little bit of savings. We were planning to meet some credit card spending amounts so that we could get some bonus rewards. When we got on our trip, a lot more money was spent than we were expecting or that I was expecting ahead of time, and it did cause a lot of issues, because not only when we were there was the spending almost, sometimes, at an uncomfortable level that it made me uncomfortable, it made Javier's family a little bit uncomfortable in some situations, but it also is now having a long-lasting result, because we are now home with these very large credit card bills that now need to be paid down.

And we had set aside about \$600 in our savings, and then we were planning to meet about three or \$4,000 on the credit card bonuses, so in that range. And Javier put the majority of the expenses on his cards. His cards, I believe, between the two of them, are now at \$9,000 from this trip, and I had about 1,000 on my cards because the accommodations were on mine. So, about 10,000 total.

I think that when Javier is close to his family and when there's an opportunity to do something really exciting with them, especially living far away from them, he just wants to seize that opportunity, which I can understand because he doesn't know the next time he'll see them. And so, if an opportunity presents itself, he just wants to go 100% into it no matter what the cost is.

One of the things that we went to is we wanted to spend the night in a fancy hotel and we wanted to invite his parents to come along as well. And just for the logistics of it, the hotel was offering a New Year's Eve party for us to attend. That party ended up being \$600 for us and his family to attend which Javier put on his credit card. I find that a little bit excessive of a price, but I understand, we were trying to create a nice memory for everybody.

Another thing is that when we were down there, there was a particular whiskey that Javier and his father liked. And I said, oh, in the future, you can get a bottle of that to celebrate once we're moving down here, and he happened to find a good sale on it compared to other stores, so that was a 200-dollar purchase that I was thinking would be in the future, and it just got purchased at the moment. So, it's just a bunch of small things like that. If he sees the opportunity, he takes it and it doesn't matter how it affects the finances so much.

Ramit Sethi: Walk me through this situation where you sat down and you talked about how much you had spent.

Jessica: We were still down visiting his family, and we brought up both of our credit card transactions and went line by line to say, okay, this was your expense versus this was a shared expense. And this is something that we have never been able to do in the past. This was a great improvement for us to be able to sit down and have a level-headed conversation. And in the end, we were only about \$50 off what I had spent versus what he had spent for our joint expenses.

We settled that up and I came home. He stayed down visiting for an extra week or so, and when he got home, I happened to see his bank account information, because I was handling a bill for him, I saw this \$9000 combined bill, and that freaked me out. I brought it up to him, and he said, "Don't worry about it. I have a plan. I'm going to get all of this paid off in the next 3 to 4 months."

And I'm freaking out because according to math, I don't see that there's physically any way for him to be able to pay this bill in the next 3 to 4 months. And we're planning on moving six months from now, it just made me reflect on, how we move forward with our plans and how we overcome, them because this is a pattern that's repeated for the past seven-and-a-half years in terms of not agreeing on how money is spent.

Ramit Sethi: Javier, can you share your perspective on that same trip?

Javier: One of the things that I told Jessica before is that I just got approval for the first time for a 5,000-dollar credit card with Miles. So, I told her, I said I wanted to gather some mileage, so I could travel in the future, and I felt proud.

Ramit Sethi: Let me step in right here. Just in these few lines, I hear lots of red flags. Now, first, I want to acknowledge that on a past episode, I used the phrase, unsophisticated with money, and I read a lot of

your comments. Some of you did not like that phrase, and some of you were okay with the phrase unsophisticated with money, but when I called someone unsophisticated, you didn't like that. So, I decided I wanted to hear more from you. I asked a lot of you to share your opinions with me, and I read thousands of your comments, and you know what, you are right. I apologize. I can do a better job focusing on helping people with their money psychology without using the phrase, unsophisticated with money. I think there are lots of better things I can say to help people become more effective with money. So, thanks for all your feedback, and for doing this podcast, I'm learning as much from my guests as they are from me.

Let's talk about Javier. It's a huge tip-off that someone isn't effective with money when they're in debt and they are talking about credit card points. Guys, these programs are designed to hook you. You should never spend on something simply to get the points, that is the tail wagging the dog. You can hear him talking about being proud of getting a credit card with a 5,000-dollar limit, almost as if it's a prize. This is a big tip-off for someone who hasn't been educated about money and especially how credit cards work. Listen as Javier continues.

Javier: And I said, I'm going to spend a lot of different things, but I'm going to pay them myself, I'm not planning on you to be part of paying this, this is besides the joint. So, that's the part where we have the discrepancy, because when she said, "Oh, I'm freaking out, because now, you owe this money", and blah, blah, blah, about the whiskey that I got for my father, with the Blue Label, Johnnie Walker, she was with me and she said, it was a really elegant box, and she said to me, "Why to wait? If you could, if you want to buy it right now, well, you shouldn't wait until we move here, just buy it and drink it on New Year's with your dad." And I said, "Oh, well, yeah". And I was thinking, I'm like, well, she's giving me this, so why not? I'm always like that. I live in the present, and I say, yeah, why not? Yes, I'm not going to say no.

Ramit Sethi: Why not? This is such an interesting concept. In many ways, more of us should adopt this life philosophy. Why not? Why not try that new dish? Why not take a risk and go out on that date? Why not spend on something really meaningful? You can see how we can create a rich tapestry of life by saying yes to more opportunities. But what happens if you say yes too much or if you say yes to the wrong things? Well, you can end up in debt. And there's another even more subtle problem.

If you say yes and you end up in debt, it's very difficult to mentally turn the page and realize that you have to change the way you behave. This happens to a lot of people. They make decisions and end up with bad consequences, but for some reason, they can't make the connection between their attitudes and where they've ended up. Let's look at it here. Javier loves his family. He wants to buy something nice. Also, notice that Jessica encouraged him to get that bottle. He takes that as permission. In the end, he spends a lot, now, he's in debt, and he's facing a very tough conversation with Jessica.

Javier: So, that was the motivation. Of course, I'm not blaming Jessica for this at all. No, it was my gift for me and my dad, and I don't regret it. But the situation with owing the \$9,000, in my head, I make about \$4,000 a month, and in four months or in three months, I can make \$12,000, and leave 3,000 for other expenses, and kind of pay that amount of money, not to be short on anything.

It's also because since the COVID started, I have been away for one year. I usually go four times a year to visit my family. My sister has a special condition, special needs, and she's my only sister, so I love to go and see her, it's very important, and Jessica knows this 100%, and she supports me, so that's clear. But since the COVID started, I went the first year, the first Christmas, and I spent a lot of money buying gifts. I was inside, I wondered, when am I going to see my family again? This is the time I had some money saved and I spent them on gifts for my family.

Ramit Sethi: Okay. So, you had \$600 saved up, fine. How did you go from \$600 to \$10,000 on this trip?

Javier: In my credit cards. She's adding all the expenses with my credit cards, with the hotels, with the gifts.

Ramit Sethi: But let me ask you a couple of questions about those, Javier. When you spend money on your credit cards, do you count that as spending money?

Javier: Yes.

Ramit Sethi: I'm curious because you mentioned your credit cards as almost a separate category several times, why is that?

Javier: I think that's a mistake that I have in my head, which to me is the money that is like a gift, which is not a gift. It's a loan and they're going to charge me a lot of credit. And I do know that I have that problem. You're right. At the moment, I don't care about how am I going to pay it, so yeah, your question makes me think that I don't see that as money that I'm going to have to pay even though I know it.

Ramit Sethi: Yeah. Do you know how I knew that?

Javier: How?

Ramit Sethi: I'm going to give you a hint. How much credit card debt do you have right now?

Javier: 9,000, 10,000.

Ramit Sethi: Yeah. You have \$10,000 in credit card debt, and you're over here talking about getting a mileage card, and spending enough to get to the mile limit on your card. Those two things don't add up. You should not be using a credit card to accumulate a bunch of miles when you have a credit card debt of almost \$10,000.

Javier: No, I already did that to make it up to it, so that's part of the 10,000-dollar debt.

Ramit Sethi: You're just proving my point.

Javier: Yeah.

Ramit Sethi: Here, let me give you an example. Here, give me \$10,000 and I'll give you \$150 back. Does that sound like a good deal?

Javier: No.

Ramit Sethi: No, but that's exactly what you've done with your credit card debt. Give me \$25,000, because that's how much your credit card debt is going to cost you because you're going to pay it off slowly. So, with interest rates of probably 15%, it's going to cost you 20 grand and I'll give you \$450 in free flights, how does that sound?

Javier: Wow.

Ramit Sethi: That's a shit deal. You and I both know, we would never take that deal. So, why do you think you took it with the credit cards?

Javier: By being ignorant and just thinking that—not thinking.

Ramit Sethi: That's a pretty good answer. That's a very good answer. Okay. I appreciate that. Being ignorant, very honest. Now, I'm not going to hold it against anybody for not knowing the intricacies of how credit works, but I appreciate your honesty. That's great. If you're honest, at least, we can work with that.

You said you had a plan, and you got upset because you had talked about the plan. So, what is the plan? I need to understand this plan a little bit. So, walk me through it.

Javier: Work a lot, make at least \$4,000 a month, and in three months, have 12,000. Out of the 12,000, I would pay 9,000 to the credit card, and 3,000 would be for \$1,000 per month for the expenses here in the house and utilities. Maybe I can-

Ramit Sethi: Wait, that's the plan?

Javier: Yeah.

Ramit Sethi: How rigorous of a plan does that sound like?

Javier: I'm going to have to work a lot.

Ramit Sethi: In the past, how much do you usually earn per month?

Javier: About three, 4,000, 3,500.

Ramit Sethi: Okay. So, you're picking a reasonable number. It's in the realm of possibility.

Javier: Yeah.

Ramit Sethi: And then, what about the expenses that you contribute towards joint expenses, housing, or food, or things like that? How much do you normally contribute?

Javier: 1,000.

Ramit Sethi: Okay. So, you plan to do what you've been doing, take the money you make, and pay off the debt.

Javier: Correct.

Ramit Sethi: Okay. Fine. I'm with you so far. What have you been doing in the past with the \$4,000 a month that you earn?

Javier: I go to Colombia like five times a year. I travel a lot. I try to save some money.

Ramit Sethi: How much do you have in savings?

Javier: Right now, we don't have anything. Right.

Ramit Sethi: So, is this where your plan kind of falls apart?

Javier: Yeah. I mean, yeah, I don't have any savings. I had some savings, and a year and a half ago, I spent them in Colombia.

Ramit Sethi: So, do you see how this is what I call magical thinking? You have this plan, which is I'm going to work hard, okay, I'm with you, you've done that in the past, you're going to make 4000 bucks a month. I'm with you, you've done that in the past. You're going to contribute \$1,000 towards expenses, you've done that in the past. And you're going to take the money you make and save it or pay off your

debt, but you've never done that in the past. So, it's magical thinking. It's like this plan is different than anything you've ever done.

Javier: You mean in three months? Yeah, I mean, I have to sacrifice a lot of things, not traveling, not going anywhere, trying to minimize costs as much as possible to try to come up with this, but yeah, in the past, I have not done any strategic plan like that to cut off everything, every little thing that I have to spend.

Ramit Sethi: If I told you that I planned to become an NFL football player, I mean, look at me, how likely does that seem?

Javier: You have to train a lot.

Ramit Sethi: Yeah, and I've never played football since I was in seventh grade. How likely do you think that is?

Javier: It ain't going to happen.

Ramit Sethi: So then, now, translate that to your plan. How likely is it?

Javier: There's a chance that I could make \$1,000 more to make it better, but it's probably going to take more than three months, probably like five months.

Ramit Sethi: Okay. I'm with you. I think you could do it, but I think it will take longer than you think, by the way, what's the interest rate on your credit card?

Javier: I'll have to check, I don't know.

Ramit Sethi: For everyone listening, you can't see this big smile on Javier's face. What's that smile about?

Javier: I don't know. I don't check those things.

Ramit Sethi: You don't check it. Okay. So, that number is not going to stay at \$9,000. It's going up fast. Let me give you a quick example of how credit cards work. Let's say you buy an iPhone for \$1,000 on your credit card and you only make the minimum payments, guess how long it'll take you to pay that off? The answer is nine years and two months. And during that time, your thousand-dollar iPhone will cost you more than \$700 in interest. You paid twice the price for that phone.

This is from page 33 of my book, *I Will Teach You To Be Rich*, where you can learn how credit cards work, including how to pay off debt, how to automate your bills, and some of the secret perks that your credit card offers you. With Javier, if he doesn't understand this, there's no way his plan will succeed. He's already lost the game and he doesn't even know it.

Do you see why Jessica might be uncomfortable with the plan that you suggested?

Javier: Yes.

Ramit Sethi: Tell her.

Javier: I understand, Jessica, why the point of view that I don't look at something so simple, yet so important, like the interest. I don't know. I cannot tell you if it's 4%, 5%, 17%, or 15%, and that's sad, because I understand your point, and you look at these numbers all the time, and I think I'm getting it because my plan for the \$9,000 is not \$9,000, it's going to be a lot more money, so it's going to be

probably like three times that time, or if it's doubled, if it's 18,000, it's going to take me, now, not three months or four, eight months. Yeah, right? I understand.

Ramit Sethi: Okay.

Javier: Thank you. I never really analyzed this aspect, as I said something so simple as the interest rate.

Ramit Sethi: Yeah. Okay. I appreciate that. Jessica, what do you think about what Javier just said?

Jessica: I think he's starting to realize a little bit of what's going on in my head and what's making me panic. I also think, still, his plan is not very practical and that he is not taking into account that his \$4,000 a month is pretax. He is self-employed, so he's not accounting for his 2021 taxes that he still owes, his 2022 taxes that he's currently incurring, and several other personal debts that he has to pay off. So, he does not have \$3,000 a month to put towards this credit card.

Ramit Sethi: Yeah, that's probably true. So, we could probably take that number down by half just to be safe, Javier. So, instead of making \$3,000 a month worth of payments, you could probably, practically make \$1,500 a month worth of payments. Meanwhile, you're not just paying off \$9,000, you're paying off \$9,000 that's compounding very quickly. So, you're paying less towards more. Do you see how—it's like giving money to one of those bad guys, and every week, you owe more and more, and more, and more, and if you don't, they're going to break your kneecap. In this case, it's the credit card company.

Javier: Wow. I'm shocked. I mean, I didn't even think about the tax part. When I got the credit card, especially the last one, it was metal, it was heavy. It's like metal. It's like I'm like a little kid, so like it's my credit card, I'm going to spend it the way I want it.

Ramit Sethi: I know. Listen. I can hear you, the way you talk about it. The credit card gives you that limit. Do you know why they give you that limit?

Javier: Why?

Ramit Sethi: Look at the situation you're in now. You're probably going to end up paying them over \$25,000. They gave you the rope so that you could hang yourself. And you know what you said? Thanks for the rope, can I have a little bit more? That's how it works. Now, I hate that most of us don't understand how credit works. And I appreciate you saying, hey, ignorance, okay, we're going to quickly learn about how this works.

Okay. I'm not here to judge you. I want you to understand what's going on, and then decide if you want to make some changes because you can get out of this situation. It's possible. 100%. I suggest you don't need to be playing the mileage game. This mileage game is going to cost you tens of thousands of dollars to get a few airline tickets. It's not worth it. This whole idea that we need to spend to hit our minimum, stop that.

If you cannot afford to pay it off that month, then don't buy it, it's as simple as that. I hate that credit cards take advantage of people who don't know any better. I hate that they engineer their marketing to take advantage of people who are ignorant about it. But I also think you've got to take responsibility. Deep down, you knew, you were going to have to pay this off.

You knew it, and you mentally put it in a different bucket, and you use all these clever techniques, have you noticed? "I wanted Jessica to have a great time." Okay. Jessica would have had probably just as nice of a time at a hotel that was half the price if you said to her, you know what, I have a plan, we're going to have an amazing time this time, and next time, when we come back with even more money, we're going to stay at an even nicer place. Jessica, I love you. How do you think she would have felt if you'd said that?

Javier: A lot safer, a little better.

Ramit Sethi: Yeah. So, it's the credit cards taking advantage of you, the ignorant, but it's also you who want the benefit that the credit card is offering you, which seems like free money in the short term, but it is truly too good to be true.

Jessica: I think I'm a little bit shocked because I have been working with him for the past seven-and-a-half years to get his finances in control and to try to teach him some financial responsibility. He has made significant improvements to the point that I thought with him getting this travel card right before this trip, that he would be responsible for it. We don't discuss interest rates, because I pay off my entire bill every single month, so I never have to worry about interest.

We had that discussion ahead of time. That's why before the trip, we talked about, okay, we want to meet the spending limit, and in my mind, that's all you're spending, and then it would have been reasonable to split that amount in half and pay it off. I never even imagined that his concept of it is just to spend to the max of the card, so I'm learning a lot and I'm a little sad that what we've talked about in the past hasn't sunk in more, but it's also very eye-opening to hear his perspective and to see where he is at.

I think we're very involved with the financial independence community here in Cincinnati, we go to a lot of meetings and have a lot of conferences, and we have a lot of friends through this, and he attends them with me. And so, I feel like he's on that same path in wanting to be in a really strong financial position to have more flexibility with our future, and then just behaviors like this or experiences like this, and to realize that he might say that he agrees with me or he might agree to a spending plan that we have, and then do the complete opposite. It's surprising, but it is what it is. It helps explain it a lot more so that I understand why he has been spending the way he has.

Ramit Sethi: We're going to flip that dynamic and I want you to start being skeptical of what you hear. So, when you got a credit card offer in the mail before, how did you use to act?

Javier: Yeah.

Ramit Sethi: Exactly. Yeah. I'm going to get this. This is so cool. And now, I want you to be skeptical. Why would I get this credit card? Why do I need this? What's the gimmick? How are they going to get me? Rip this thing up. I don't need a new credit card.

Javier: I believe that because I had so much—like my credit was really bad, I applied for bankruptcy like five years ago, and I've been so good to try to get my credit score higher and higher, and when I got the first credit card, the silver one, I started looking at it and trying to pay everything in time. And it went up so good that it tricked me when I saw the blue card, because I was like, I'm being awarded for being so good, and that's where it tricked my head, because I took it like an award, and it was a big mistake.

Ramit Sethi: Nobody in the financial industry wants to give you an award. They want to take your money and bleed you dry. Your money habits need to radically change. This is going to require some real work. So, I want you to start getting skeptical. They're not your friend.

Javier: I have to make a change right now, otherwise I can lose Jessica. I feel that I'm slowing her down on her finances, and I don't want to do it to anyone. As much as I love you, Jessica, I need to make a change and I'm sorry about my ignorance. It's bad, and I understand, and I need to make a change because it makes me feel like when there's a soccer team, and all the players are good, and you have the guy that sucks in the defense, and you can get scored like that, so I feel like that guy right now, and I need to train to become better because it is affecting me a lot right now.

Ramit Sethi: Listen, I appreciate you being so honest, honest with me, honest with yourself. I love that you acknowledge, "I don't want to be the person in this relationship holding us back". I also appreciate that you used that soccer metaphor, and said, "Hey, right now, I may not be the best, but I need to train

harder so that I can be as good as everybody else on the field". I think that there are ways to transform this situation into something positive. I have seen it many times.

Javier's approach is very emotional. He talks about love, excitement, happiness, and guilt. There's nothing wrong with emotions, but you can't build a rich life purely based on what you feel. You have to pair that with knowledge, with some real analysis to see if what you want is possible. Sometimes, people are too focused on spreadsheets, but I don't think Javier has looked at a spreadsheet in a long time. Let me see if I can find out why he treats his money this way.

What do you remember about money when you were young?

Javier: Didn't have to worry about a thing. My dad was president of a company. I studied at a private school. I had a school bus and a full kitchen. I lived not as a rich kid, but my school was very expensive. And my family's middle class, we had a house made. It was not until I moved to the USA when I was 18 that I had to prepare my breakfast, do my laundry, and stuff like that. So, I worked when I started here. So, I didn't have any financial education at all. Even my dad never sat down with me, and said, hey, what are you going to do in the future?

Ramit Sethi: Javier moved to his aunt and uncle's house in Florida before moving out and becoming a valet. It sounds like it was a pretty nice house.

Javier: Huge, yes.

Ramit Sethi: Huge. Jessica, is that a pretty nice house? She's nodding her head and showing me the money sign.

Jessica: Yeah, they're millionaires.

Ramit Sethi: Okay. So, you go from this millionaire house to being a valet parker. How much were you making when you were doing valet, Javier?

Javier: \$6 an hour.

Ramit Sethi: Okay. Great. And so, what was that change like?

Javier: It was hard. The thing is that my dad lost his job because of the situation with the FARC, with the guerrillas, this is in the early 2000s. So, he left everything and came back at that moment, and asked for asylum, political asylum. So, we moved and it was very impacting for me. We rented a room and my dad came from being the president of this company in our house to live with me in this trailer home. We both worked at the valet parking, seeing my dad running parking cars when he used to go to the club and get his car. It was very, very bad, but it gave me also a lot of effort, and a lot of love to work to see my dad doing that because he's a warrior.

And we both made it, then finally, after six months, we rented an apartment. But that change was really hard. It was hard. And just all the money I made at that moment was to get an apartment. I remember saving and saving it. The first time I made \$300 in cash, I went to Best Buy and bought a TV with a VHS incorporated, and when my dad came home, I was proud. I bought a TV because I wanted us to have a TV in this small room with a single bed in each bed, and all the money I did was for Dad, so probably, I never made money thinking about myself.

Ramit Sethi: Did the two of you live in the same room?

Javier: Yes.

Ramit Sethi: Yeah. For a year?

Javier: Almost, yeah.

Ramit Sethi: I appreciate you sharing your story. That cannot have been easy for your dad to have been president of a company going to a club valeting his car, now, he's the valet, and the two of you, grown men, living in a room. I don't think a lot of Americans who were born here can fathom that. It's not the same way that most people in America grew up. Whether you're at the upper end or the lower end of the socioeconomic spectrum, in America, it's expected that, at a certain point, you're going to have your place, and even if you're living with your parents, you're not living in their bedroom. That is almost unheard of and out of necessity. It's a huge difference. So, that leaves scars. What happened after a year?

Javier: Then, we got this apartment, close, use for us. And then, we were expecting my mother and my sister, because of the asylum, they were in Colombia, so they flew. We were not going to have them move to a room, so we had an apartment. This is in South Florida, in Lantana. So then, we got the apartment, they came in, we kept working, working. They couldn't work, because my sister, was a baby, she's 42—but when she was a baby, the housemaid let the stroller fall and she had a concussion in her head.

It caused her paralysis, so she cannot run or walk. It's like Down syndrome, but she was born okay, which is another something. And my mama and her, they moved here—or Florida, and then the government didn't give the paperwork to my sister. They started denying her, because they said, that anybody older than 18, they have to fill out their paperwork and sign. And we're like, okay.

So, we sent the doctor's letter explaining that she depends 100% on my parents and the government sent back an article number, the same thing. So, we hired a lawyer, and the lawyer said, "Look, the government is not going to issue the paperwork for her because of her condition, she's already 30". So, we appealed and they denied it again, so my mom went back to Colombia with my sister because they were here in the apartment doing nothing. My mom renounced her paperwork, because...

Jessica: Her citizenship.

Javier: ... her citizenship, because she wasn't going to leave my sister alone. So, when we sent her to Colombia, my mom and my sister, broke my heart, and you have no idea how much I love my sister.

Ramit Sethi: Is your dad still in the US?

Javier: No, he's in Colombia. He retired. He worked. He was here for 14 years. He said, "I don't want to be here alone, so I'm going back with my daughter". And that's one of the reasons that we want to move to Bogota. Jessica loves Bogota. She's in love with that city. But I also want to be closer to my sister, because she cannot talk. Every time that I go and I come back, I cry for days, man. It hurts me. So, we've been talking about this for years, we were going to do it right before COVID, and I think that's one of the main things or reasons that I want to be down there with her.

Ramit Sethi: What a journey for Javier. Going from wealthy in Colombia to wealthy in Florida to suddenly becoming a valet, and then living in the same room with his dad, who also became a valet. That journey is incomprehensible to most of us, including me. Here's what I noticed. Javier loves his family. When he talks about spending, it's not really on extravagant things for himself. It's for his family. It's for his sister. He shows love by spending. I also noticed that his spending isn't financially responsible. It's unsustainable. And if he keeps spending on his family to show his love, he'll probably lose Jessica. I suspect Javier has never really faced any consequences for his spending in the past. Sure, he's run out of money, but he could just borrow more if he needs it. If he loses Jessica, that'll be the first time his spending has ever actually cost him something that he truly cares about, and thankfully, he's starting to realize that this isn't just theoretical.

Jessica: He's got a good heart, it's just not logical for his current financial situation to spend like that. I think I need to take a step back, and I need to see him take a step forward and put in the effort on his part to make the changes that need to happen.

Javier: Yeah. I'm going to try to do my best—or not try, I'm going to do my best. Again, the only thing that I can think about right now is to minimize expenses, put the credit cards away, and try to talk about, every time I get my check, how I'm going to spend it. And if I cannot come up with a solution in the next five or six months and everything is going the same, I don't know what else to say than to work my butt off and bring as much money as I can.

Ramit Sethi: But you already do that.

Javier: Yeah, then we're done.

Ramit Sethi: All this talk about making a plan got me curious. I know Jessica gave him a copy of my book, did he read it?

Javier: A little bit.

Ramit Sethi: That's a no. I asked him why.

Javier: Because sometimes, I mean, I go to work and I don't have that much free time. It's an excuse. I could come home and sit down, but it's hard for me to try to read finance books. She gives me different ones. I tried.

Ramit Sethi: Hold on.

Javier: I'm not a good reader, I guess.

Ramit Sethi: Jessica, did you give him Rich Dad Poor Dad? Did you give him these shitty books? What did you give?

Jessica: I did not. He showed that book to me, and I said, this is not the book that you need to be using as a model.

Ramit Sethi: Because if you start someone on Rich Dad Poor Dad, it's no surprise after they lose all their money, they're going to go, oh, these personal finance books are terrible. Yes, some of them are, so start with a good one. Javier, first of all, it doesn't matter to me if you read my book or somebody else's book. And I understand, some people don't like to read. Fine. I'm not going to force you to read a book. But did you know there are audio books? Did you know there are podcasts? There's a solution and she's not going to deliver it to you.

Usually, I don't get into the financial weeds on this podcast. We don't calculate interest rates, because, well, I can't think of a more boring audio experience than listening to me sitting here typing on a calculator, but Javier doesn't understand his numbers, not even the basics, and I want to help him. We all have someone in our lives who asks for help, and then when you try to help them, they ignore your advice. And three months later, they're back asking you for more help. It can be exhausting. I don't know the answer to that situation, but I have learned a few things in the last 20 years of my business.

I've learned that if someone asks you for help and you want to help them, you might have to show them in a way that feels frustrating to you. After all, why don't they just trust you? Why don't they just do what you say? Well, the answer is that when someone is starting, they have all kinds of fears, objections, and barriers that hold them back. You've already gone through them, you know what it's like on the other side of that, but they don't. So, I want to help Javier, and as a result, I'm going to work through some of these

calculations with him, but there's just one twist, I'm going to make him do the calculations so that he has skin in the game.

Javier: If I make \$4,000 a month, in three months, that's \$12,000, right? Out of that, \$3,000 has to go to expenses. So, that leaves me with 9,000. Out of the 9000, I have to get half for the taxes. So, that leaves me with only \$5,000 in four months. So, to make 10,000 free to make those credit cards go away, it's going to take me seven months.

Ramit Sethi: How much is the interest going to be?

Javier: I'll have to check. How much is the interest on the credit card?

Ramit Sethi: That's the interest rate.

Javier: 23.99.

Ramit Sethi: Okay. And what do you think about that number?

Javier: High.

Ramit Sethi: It's high. So, you know those tickets that you got, you got, we're about to find out exactly how much it is.

Javier: Okay. For every \$5,000, I have to pay 1,200 in interest.

Ramit Sethi: Okay. How'd you get that?

Javier: 9,000 times 24%.

Ramit Sethi: No, it doesn't work like that. Let me explain how it works. It's worse than you think. So, you remember when you've gone to these financial independence meetups and you hear about compound interest? You invest \$100 today and it grows like that. You remember all those charts and stuff you've seen. Have you ever seen something like that?

Javier: Mm-hmm.

Ramit Sethi: Okay. It's the same thing with your debt. So, if you have \$100 worth of debt, every month, you're accumulating interest, more money on that debt, and it compounds every month and every year. So, it compounds, meaning that debt is growing. Not only do you have to pay off the amount you owe, you have to pay off the interest as well, and that interest is growing. You're running a race against your debt. Okay. So, at 24%, that is a high interest rate, you have to pay a huge amount of money to make a dent in that debt, otherwise, it will continue going up. Okay. So, it's not simply 9,000 times 24, there's a different calculation. It's too complicated to do on your own. Alright. What do you see?

Javier: Your estimated monthly payments, months to pay off, 19 months, total principal paid, 9,000, total interest paid, 1,867.62.

Ramit Sethi: What does that mean to you?

Javier: That it's going to take me forever to pay.

Ramit Sethi: Tell me more.

Javier: 19 months, 19, more than a year-and-a-half, and I'm going to pay \$2,000 on top. So, I would need to pay way more than that monthly.

Ramit Sethi: Okay. Go ahead.

Javier: Okay. If I make an expected payment of 1,500 dollars a month, I can pay it off in seven months, and I would only be paying \$778 in interest. Okay. So, the goal is going to be if I do a \$2,000 payment a month.

Jessica: Is that reasonable? That's 50% of your paycheck. You're not considering living expenses or either year's taxes that you need to be setting aside.

Javier: I know what you're trying to say, and I would have to get a second job, I guess.

Ramit Sethi: Hold on. You're doing great, Javier. Let's take it step by step. Is it realistic that you work 16 hours a day, and then you get a second job?

Javier: No, of course not.

Ramit Sethi: Your inability to be realistic is what has gotten you into this situation. The real underlying issue is the magical thinking, we'll do this, we'll do that, and it will work itself out somehow. But now, here you are, for maybe the first time, facing real consequences, that magical thinking stops working. So, what do you want to do?

Javier: I mean, the only thing I can offer, is to be proactive, and try to analyze, and plan about, how am I going to pay these cards and not use them ever again. Work as much as I can. Again, I know that I said this before, but I don't know what else to say, I'm being honest. And Jessica, if you want to break up with me right now, and live your life, then we'll talk about it because I can't say anything else. I'm sorry.

Ramit Sethi: Sure, you do.

Javier: I don't know what else to say.

Ramit Sethi: So, what's the common pattern? When do things go bad?

Javier: They went bad when I spent those savings a couple of months ago.

Ramit Sethi: Okay. So, when it's with your family, you spend way more than you can afford. Would that be fair to say?

Javier: Yeah.

Ramit Sethi: Is that not the crux of this whole thing?

Javier: Mm-hmm.

Ramit Sethi: So, what do we want to do about it?

Javier: Don't spend more than I can afford.

Ramit Sethi: Okay. That's easy to say. Is that realistic? If you went home tomorrow, what would you do? Tell the truth.

Javier: Probably, what I do when I get there is we plan to go out of the city for a couple of days with my parents and we share expenses. Tell my dad, can you cover the trip for the family? I'm going to come. But if I was by myself without knowing anything tomorrow, I would probably take them to dinner, to lunch.

Ramit Sethi: Yes, I know. I don't think you know. I know you would take all your money and spend it. I think you're just saying words, but you're not hearing yourself. You're six months away from not being in a relationship because your partner is making some very honest, fair demands and expectations, and you're just kind of going with the flow, "Yeah, I would go home and I would probably take my family out to dinner". What is the crux of the issue here? How do you see money when it comes to your family?

Javier: If I have it, and I want to have that detail or invitation with them, then I want to do it.

Ramit Sethi: If I have money, the way I show love is by spending it on them. Try that one on.

Javier: Yeah, 100%.

Ramit Sethi: If I see my family and I don't lavish them with gifts and trips, then it means, finish the sentence for me.

Javier: It means that I don't love them.

Ramit Sethi: Yeah. Do you believe that, deep down?

Javier: No.

Ramit Sethi: But your behavior says it. When was the last time you went to see your family, and you just stayed at home with them, and you were just there, no trips, no expensive orthopedic gifts, just you spending time with them?

Javier: Five months ago, October.

Ramit Sethi: You didn't spend any money?

Javier: My father had surgery, so I just went to take him to a hospital, and I didn't go anywhere. No, I mean...

Ramit Sethi: How was it?

Javier: Good. It was great.

Ramit Sethi: Did they love you?

Javier: Yeah, of course. I mean, they do love me even if I don't have one penny, I know that.

Ramit Sethi: How about Jessica? Would she love you if you kept on going the way you've been going?

Javier: I think so.

Ramit Sethi: I think she would love you, would you two be together?

Javier: I hope so. I know this is coming to an end if I continue doing this. I know, I'm very aware, before six months.

Ramit Sethi: Okay. So, if you went home and you didn't lavish your family with gifts and trips, would they still love you?

Javier: Yes.

Ramit Sethi: Okay. What is all this spending on them really about?

Javier: When I go out, I look for a nice hotel that has the best pool possible for my sister, solely for her, not for me. I don't care if I stay in a shitty hotel, I don't care, but I find the best for my sister because I want to have her—I want her to have a good time. My parents are not together as a couple, so they don't share time. Sorry.

Ramit Sethi: It's okay. Take your time. I want to hear what's going on in your head.

Javier: I'm taking more responsibility than I should because my father exists and my sister is not my daughter. I just feel, sorry, that I owe her so much, because I've been away from her, we got separated, and I owe her so much time that I try to buy things for her, and I see that it's a mistake, because I'm ruining Jessica's relationship. So, what's fair in life, man, being good with your family and sacrificing your love or just don't mind?

Ramit Sethi: I'm with you on every step of what you just said, except for that last sentence. I'm with you. You are spending money because of the guilt of not being able to be there with your sister. You love her, you want the best for her. I can tell. You don't need to live in the fanciest place. You lived in an apartment with your dad. I know you don't need it. But there's one thing you said at that last moment that reveals everything, you said, so what is it? Spend money on my family and ruin what I have with Jessica, or what's the alternative?

Javier: Or be limited.

Ramit Sethi: You said, "Or just give up". Right now, you're spending all of your money and even money you don't have for your family. It's driving a wedge in your relationship here. What is the alternative?

Javier: Not to spend money on my family.

Ramit Sethi: Really, not to spend any money at all?

Javier: No, no, no, just like maybe 30% of what I usually plan to do and have my dad pay for most of the trip because, in the end, it's his responsibility, which he does. We don't have any issues, but he probably should lead those expenses.

Ramit Sethi: Could you make that happen?

Javier: Yeah.

Ramit Sethi: I could tell you have a very supportive family, and I can tell there's a lot of love between you and your family, and vice versa. That's fantastic. It just seems like some of the patterns that you have fallen into are not serving you. You go, you buy all these expensive things, some of them you can't afford them. You just plain cannot afford them. Some of them, come from the heart, but there are lots of ways to show your love.

If you are not in a good financial position, your family wants the best for you, they don't want you to take every penny you've got and go into debt, so they can go stay at a nice hotel, save your money, invest it, and one day soon, you'll have more money than you know what to do with, then you can take them and treat them to the nice hotel. Okay. But until then, just be there.

Put yourself in Javier's shoes. He deeply loves his family. He lives in a different country. On the rare occasions when he sees them, he wants to show them how much he loves them. And by coincidence, he just got a credit card that gives him free miles and a 5,000-dollar credit limit. Interests, payments, sure, he'll think about all that stuff later. For now, it's time to spend time and show his love for his family.

You don't have to agree with Javier to understand why he acts this way with his money. This is one of the most common sticking points for people who spend more than they make. They often use money to represent something else in their lives, like love. Love, love's a great thing. Who can argue with love? Nobody. So, when they conflate money with love, you can see how hard it is to unwind that connection. The truth is, that Javier can still love his family without spending thousands of dollars on them.

Okay. Now, let's talk about Jessica. Do you believe that if you don't pay off this debt in six months exactly Jessica will break up with you?

Javier: No.

Ramit Sethi: Okay. What do you believe?

Javier: I believe that if I show her my intentions, organizations, and even that if it's going to take me one month or two, she'll be flexible, and say, okay, don't worry, we'll do it in seven months, or eight, or whatever, but I have to show her and show her within the first two months that I'm doing the plan.

Ramit Sethi: Okay. Jessica, is that true?

Jessica: That is true. I just want to see that he's taking the steps and he's making progress. It does not have to be six months on the dot.

Ramit Sethi: I wish everyone could see me because I'm cheering right now. I'm cheering. I love it. I knew. Yes, the six months is kind of important, Jessica has her metrics, and she has her vision, but I also can tell, with the two of you, there's a lot of love, and it's not that there's a hard line at six months. Jessica has said repeatedly today, "Hey, our income disparity is not an issue. It's that I want him to make a plan, to take responsibility, to step up."

That's awesome. That's the light we've been looking for. So, if you need a couple of extra months because of math, fine. I don't think Jessica, I had a hunch Jessica would not penalize you, and I'm glad to see that smile on Jessica's face that, yeah, she can be flexible, but, Javier, this is where we need to get into it. What does Jessica want from you?

Javier: Change. She wants me to take leadership on the payments. She wants me to rally and just give her a whole explanation of how much interest I'm paying. That way, she can know that I'm there paying attention and executing the plan rule by rule, with precision.

Ramit Sethi: Yes. Well, this is great.

Jessica: Would make me very happy and very hopeful that we'll be able to follow our dreams sooner rather than later.

Ramit Sethi: That's beautiful. That's what I want to hear.

Javier: I never saved money, so realizing this is eye-opening for me. Also, it touched my heart, because I know that I don't have any necessity to show off in front of my family with money or trips like that, and my father can help me, and I will do that. It's a big thing that is going to help me with 50% or more of the expenses that I have when I go down there.

I think that I'm acting like my sister's father, taking that responsibility that I don't have because they don't have any necessities for transport. They're good. My dad has a car. They're good. So, even if I were to die tomorrow, they're financially fine. They don't need anything from me. So, I think that's what impacted me the most, that I act like their dad, their father, and I'm not.

Ramit Sethi: I'm so happy to hear you say that, everything. To be able to trace back your behavior to the past, and you had some things happen to you, and to be able to connect that is hard, but it's so obvious, it's screaming to me as you talk. You came from a very wealthy situation, and then not wealthy, living in a million-dollar house, and then being a valet. That's a radical shift, and to never have been taught how money works, and I can hear it. I'll never blame anybody for being ignorant about something, never, because we all know more about something and less about another thing. What I'm really happy to hear is you want to take responsibility.

I don't know what will happen with Jessica and Javier. I was personally surprised by a lot in this conversation. I was surprised when Jessica realized the extent of Javier's understanding, and she almost looked sick. She'd mentioned that they've talked about this a lot, they even regularly attend financial independence events, but only in this conversation did she realize how much Javier understands about money.

And although that can be painful to hear, I also think it gives them an honest opportunity to recalibrate and get on the same page. As I always say, a rich life involves being honest with yourself and honest with the people around you. One big lesson for everyone listening, when you're creating your rich life, emotions matter, but you can't only rely on them. To become confident with your money, you have to become competent.

For Javier, I suspected there was something deeper to his overspending than just being irresponsible. And when he told me about his family history, it was eye-opening. Suddenly, a lot of what he was doing with money started to make sense. At the end of our call, I stayed on the line and I worked with them to develop a plan. I gave them some homework to create a simple financial plan for Javier's debt and I also asked Jessica to write down her expectations for what she expects from Javier. I'm hopeful for them, and I thank them for coming on the podcast.

Podcast Episode 38: He owes his ex \$70k/year, and it's straining our finances and relationship

Synopsis: Rebecca and John are both attorneys and make good money. While John makes more, he's legally obligated to pay around \$70k annually in alimony and insurance tied to a past divorce settlement. On top of that, his income can vary widely, making the future difficult to plan for—and he has debt. He's 61 but sees no way he can retire any time soon.

They're dealing with not only the very real financial problems they face but also the resentment caused by them. That resentment colors every interaction they have with money.

When I start digging into where the rest of their income goes, they start to get a little dodgy. We're going to shine a light on some of their spending habits and find a path that lets them live a Rich Life without the stress.

Podcast Transcript:

Ramit Sethi: Meet John and Rebecca, both attorneys. John is 61 and Rebecca is 44. This is their second marriage. To recap what you just heard, John is paying about \$70,000 a year in support between his ex-wife's support payments and the life insurance that he's legally obligated to maintain for her. He's also paying an additional \$600 a month so that Rebecca is covered by life insurance. Though they both earn good salaries, around \$200,000 a year, he has a highly variable income that makes it hard to save, especially when he owes about \$70,000 a year to his ex.

Speaking of that, can you imagine having to pay \$70,000 a year to an ex forever? Imagine how it would make you feel about money. Think about commuting to work every day. Think about every paycheck you made. Think about how you would even feel if you got a raise. John and Rebecca have been living with this for years. So, what prompted them to reach out to me now? Let's listen.

John: I am divorced. Rebecca is my second wife. I pay my first wife \$54,000 a year in maintenance, and that is a permanent obligation, meaning I stop paying it when I'm no longer earning an income. If I retire, then I no longer have to pay it. But in addition to that, I have to secure it if I die. That's about \$1,300 a month in life insurance.

I have no child support obligation because my children are all grown. Because of the length of my marriage, however, the court recognized that for my ex-wife to have been out of the workforce for as long as she had, we had children that we were raising, the law presumes that if you're married a certain length of time, your obligation can be 10 years, 15 years, or forever, and I fell into the forever bucket.

Ramit Sethi: I have a lot of questions about this because I've never heard of this. And I know you're both lawyers, so I'm sure this is all buttoned up, I'm sure that you have ruminated and commiserated over this for a long time, so we don't need to do that. But just so I understand the emotional tenor here, are you at peace with this? Are you resentful? How do you feel about this?

John: That's a great question. I am resentful. And one part of it is that I can be relieved of my obligations, really, in a few scenarios. The first one is if I retire and I cease earning any money. And the second is if my ex-wife remarries or enters into some sort of cohabitation relationship, and the likelihood of that happening is very low because of the money that I pay her every month.

Ramit Sethi: In other words, she doesn't want to do it, because the cash would stop?

John: That's right.

Rebecca: We had spent some money on new windows for the condo and some new living room furniture, which seemed to me to be nothing crazy and outrageous, but I think I was in a particularly weakened fear

for a moment, thinking about retirement, and feeling like the year-end at the law firm this past year didn't go so well, and I was feeling a little panicked, and looking for some additional resources to help us. John and I work for the same law firm. I'm one type of partner. He's an equity partner. It isn't until December 30th that he knows what he's making for the year. And we got those numbers and he made about \$85,000 less than last year. And that was kind of devastating because we had been spending as if he was going to earn at least what he was earning the year before, and that put us in a bit of a bind.

John: I saw it and I thought that there was some mistake. I thought that there was something that I didn't understand. About 100,000 is what I expected, and the actual number turned out to be 32.

Ramit Sethi: That's in addition to your salary?

John: Yes. I was quite honestly shocked because we had had a good year as a law firm, at least on the revenue side.

Rebecca: So, in my mind, I had it all planned out, how it was going to go. And then, we keep everything separate, but we split major household expenses, vacations, and entertainment. And so, I had sort of advanced my half of that, and he was going to reimburse me for his half on those things once he got the year-end distribution, only there was no year-end distribution to speak of, and it was small enough that he didn't even get to make a retirement contribution for the year.

Ramit Sethi: What did you do about the cash flow issues, the fact that Rebecca had already put in her part towards your joint expenses, but you couldn't come up with the money?

John: As has happened in the past when there have been cash flow issues, Rebecca has sort of advanced it, and then I have caught up and paid her back.

Ramit Sethi: You hear something in their discussion that you don't hear with a lot of other couples, this matter of fact, almost transactional financial relationship. He says, "She loans me the money and I pay it back". This is typical of second marriages, where people come into the marriage with past obligations. They're often much more open about how they want to set things up. Often, they'll keep money separate. I don't mind it. I don't mind how you set your money up at all, as long as you discuss it and consciously choose a path together. Now, what's more important is that he has a highly variable income, but together, they don't seem to have discussed how to plan for that. I think that might be the problem, but I'm curious what they think the problem is.
What is the problem you're trying to solve today?

Rebecca: I mean, generally, I think the problem is that his ex-wife is greedy, you know what, but I think he's also underpaid, but those two problems aren't going to be solved today. The problem is, how do we move forward and eliminate the resentment that this causes because I have my resentments about it? We're the ones working hard, where she's just sitting home collecting a check. We're the ones who are taking all the risk. We're the ones who are making the sacrifices. I want it to be less of a source of stress in our marriage. I'm thinking that maybe having some ground rules will make it less of a stressful topic. It's not manageable to do this forever. Like there needs to be a retirement, at least from the practice of law, and we need a plan for that.

Ramit Sethi: When does it get stressful, besides December 30th?

Rebecca: Well, the careers themselves are stressful, like the nature of the work we do. We're both litigators. It's inherently adversarial. He's managing the firm, as well as managing a caseload, and he comes home, and he's stressed, and I feel like, where's the financial reward in exchange for this level of stress that he's under? And that pattern just repeats itself every day.

Ramit Sethi: Okay. And what do you get out of curiosity?

John: Well, some years, I do well financially.

Ramit Sethi: Means what?

John: With \$300,000 or so total comp. I usually enjoy what it is I'm doing. I like being one of the people steering the ship, rather than one of the passengers of the ship. Would I like a less stressful existence? For sure.

Ramit Sethi: That's surprising, don't you think?

John: Yeah. Huh? Really?

Ramit Sethi: I mean, you say you would like a less stressful existence, but you are de facto in not only one of the most stressful roles but in one of the most stressful industries in that role. Would you ever consider taking a step backward or taking a lateral step that may not involve the same sort of stress?

John: Nothing is off the table.

Ramit Sethi: Wow. That's good to hear. Alright. And Rebecca, what do you get?

Rebecca: I would say stability and security. I mean, even the low years are enough to pay the bills, but is it the lifestyle that I want? Sometimes, and I help fund that, right? I believe in the importance of saving and all of that, but I also believe in having a rich life and enjoying life now. And for the most part, I get to do that, and I think that's largely a function of the careers we've invested in and the income that we generally get, even when it's a low year. It just doesn't seem to be fruitful in terms of retirement in the future, but on the day-to-day, if I'm not thinking about the future, I'm thinking, okay, this is pretty good.

Ramit Sethi: This is a question that a lot of you need to ask yourself. The question is this, what do I get? If I'm working this hard, saving money, and investing, what do I get? I think almost nobody asks themselves this question, because the answer is too scary and sometimes, depressing. For example, if your honest answer is that after working hard, trying, staying late, and cutting back on lattes, what you get is to go shopping at Target for some worthless knickknacks, well, that's a pretty haunting answer. It's easier to ignore it.

Do you know who needs to ask this question most of all? Entrepreneurs. I know a ton of entrepreneurs. They work extremely hard and a lot of them live for some future day, where they'll finally be able to live their rich life. And if we talk about this stuff, I'll ask them, hey, you work hard, you take on a lot of stress, and responsibility, management, what do you get? Is it the ability to pick up your daughter from school every day at 2:00 PM, or do you get to buy a second house? What do you get for all the work, time, and effort that you put into what you do?

Here's my answer. I get to work from home. I get to work with people I like, including my team and my students. I get to have fun at work. I get to travel for 6 to 8 weeks a year, staying at my favorite hotels, and sharing these magical experiences with my friends and family. And I get to eat whatever I want without looking at the price. The question to ask for all the work you do, what do you get? Now, back to John and Rebecca.

Let me make sure I understand that. So, it seems like you got a pretty nice condo, and did some renovations. I don't know the car situation, but probably doing fine, and you can wear a nice sweater, whatever it may be. Is it the retirement that's making you feel nervous?

Rebecca: For the most part. I just feel like there's no plan, there are no concrete steps that we're taking. We're just kind of hoping for the best and surviving day-to-day.

Ramit Sethi: Yeah. And you mentioned now plan, safety, security. Would you say those are common things that you look for that are important to you?

Rebecca: Not the only important things, but yes, those are very important.

Ramit Sethi: Okay. John, do you care about safety and security in the same way Rebecca does?

John: Probably not. I've had a plan, too. My plan had been to work until I drop and continue to make life insurance premium payments to take care of my wife when I'm no longer able to take care of her. It's not a happy plan, but it's been a plan because I've historically enjoyed what I'm doing.

Ramit Sethi: Is that a half-joke, or are you being serious?

John: Up until COVID, when my day-to-day changed dramatically, I never was able to even picture myself being retired. Now, I have friends who are beginning to retire and the stress has ramped way up. That had been my thought process, I was going to keep working and working and working.

Ramit Sethi: And the other people in your profession, what do they do? I mean, are they rolling into the office at 85 years old and doing the same thing?

John: Well, it's interesting. Our firm's been around for over 40 years and the two founders are still active, although they also have homes in warm weather destinations, where they spend about 80% of the time. They don't grind. They generate, they don't grind. So, the culture of the firm, I guess, is that people work until they choose they no longer can, or health-wise, they no longer can.

Rebecca: And I would say that that's true for the legal industry, generally. Many, many lawyers work until their 80s, usually men, but my mentor at my old law firm worked until the day he died at 85.

Ramit Sethi: Is that celebrated?

Rebecca: Depends. I started practicing 20 years ago, and back then, it was looked at as sort of this, once you work for a couple of decades, then you can coast, and be revered and respected, and you could be in this position in the firm, even financially, where you just continue to reap the benefits, but work so much less. Now, in a lot of firms, the newer guard is coming up, and they're saying, hey, wait a minute, you've got to earn your keep, on like other industries that have—they'll come up with a nice little retirement package for you and force you to quit at 65. That doesn't happen in the legal world. If you're not saving yourself for retirement, it doesn't happen. So, that's why I think a lot of lawyers stay on. I mean, there could be financial reasons. Also, it's one of those professions you don't need to have physical vigor. If your mind is sharp, you can still practice law.

Ramit Sethi: Man, the legal industry is so weird. I'm like, this industry makes no sense, whatsoever, to anyone on the outside, but all the people on the inside are like, "Oh, yeah, yeah, that's totally how it works". I'm like, "Why?" And they have no good answer, but they're just like, "That's how it works".

John: Right.

Rebecca: Go back and do it over, I quit, I quit.

Ramit Sethi: Okay. Well, we can't change the legal industry today, we can maybe change a little bit of your situation. So, I asked you what you both got. I'm not sure I know the answer, except that you have a pretty nice life day-to-day. It sounds like the retirement part is somewhat unclear. The path for many

lawyers is just to work until they die. What else, day-to-day, are you getting, where you're using your money? How are you spending your money right now?

John: I don't spend a lot of money, because I don't have a lot of money to spend available. I would like to further invest in some hobbies that I have. I would like to take more vacations, although I don't have that burning need, perhaps because I don't see it as being completely possible right now, but I would like to be able to sleep better at night.

Ramit Sethi: And you don't sleep well at night now, because of what?

John: It's cyclical, but it has to do with financial stress, sure.

Ramit Sethi: Yeah. I can understand that. You have feast or famine, you have this obligation hanging over your head at all times and the uncertainty of knowing what's going to be given to you, at the end of the year, you've got to wait the 12 months, makes it very difficult to think beyond a year. And so, I'm guessing, Rebecca, when you come around talking about, what's the plan, what's the plan, and it's very difficult to come up with anything beyond, well, we've got to see what the bonus ends up being this year. Does that sound familiar?

Rebecca: Yes. I just feel like there's so much uncertainty.

Ramit Sethi: Well, let's just talk about the day-to-day. The need for a plan is very common. Everybody wants to have some sense of certainty. Even if you can put a box around some of the uncertainty, and create a good, better, best scenario, I think that would probably help everybody sleep a little better at night. But right now, it's just like, oh, shit, how much is going to come down from heaven on December 30th? And by the way, we already paid for the new door, so, now, we're just playing catch up for the entire next year. That's not a good way to live.

Rebecca's income last year was roughly \$190,000. As a reminder, she's 44 years old. Rebecca has \$18,000 saved and \$549,000 in retirement accounts. She also has a 600,000-dollar mortgage with \$180,000 in equity. John's income was \$225,000 last year. He's 61. He has less saved, \$120,000 in retirement, and considerable debt. That includes a \$65,000 personal loan from a friend, which I want you to pay attention to because that's going to come up later.

How do you feel about those numbers?

Rebecca: Well, if you look at the typical rule of thumb, I've always read, about 28% of your gross income, don't spend more than that on housing. Even considering his support obligations, we felt we fell well within that, so I don't feel like we're overspending on our house. I feel that the savings could be more, I think, but I don't know how he saves more. I feel like I'm already maxing out my 401(k). I'm saving an additional 10% a month into a vacation/house fund that gets spent down, but I feel like I'm doing okay on saving.

I've got my money invested, someone, who I trust, managing that. I'm happy with the performance of my accounts. I hate to think of the worst-case scenario, but that's kind of what life insurance is for. We're not able to save the way we want to save. And so, if I get a life insurance benefit, that will make up for that. But on the day-to-day, I mean, I've done my calculations. After taxes and housing expenses, I have \$4,000 left every month to put toward discretionary expenses. The food, entertainment, travel, et cetera, I feel like it's enough. Somehow, we're still stressed out about money and don't feel like there's ever enough for important things like John's retirement.

Ramit Sethi: It's kind of funny, you two talk about life insurance a lot. We need to discuss that. This is not a common topic, by the way, especially for high earners like the two of you. Rebecca, you mentioned, it doesn't feel like you have a lot. Now, John, how do you feel about your numbers?

John: Horrible. Horrible. Once in a while, I go on the website of the company that manages the 401(k) and one of the things they tell me is how you're doing in terms of your retirement savings, and I always have the stormy clouds and the thunderbolts. I've worked in this profession for 34 years, and due to choices that I've made, if this is the end of the day right now, I don't have a whole lot, asset-wise, to show for it.

Ramit Sethi: I want to understand, putting your ex-wife's payments aside, you've made pretty good money throughout your career, where has it gone?

John: Well, I lost a lot of it in trying to maintain a household that I was not living in at the time when we were going through the divorce and I had to take care of myself as well. That put me in a huge hole. A lot of it went to saving for my children's college education, contributing to things like life insurance. I'm not a big spender. I don't remember if I was 20 years ago. I don't think that I was. We had a nice home. It shouldn't be a difficult question, but I'm having difficulty with it, because I know what I don't do every month, and I don't spend much money. What does the \$54,000 a year I pay get us? Well, I guess we have a nice tax deduction for that money, because it's all deductible, but other than that, it gets us resentment.

Ramit Sethi: Yeah. And when you think about earning more money, and you think, okay, for every \$100,000 I earn, basically, over half of it is going right out the door to this resentful situation that I have no control over.

John: Right.

Ramit Sethi: Do you think that that affects your behavior with money?

John: Of course. I mean, I have to make sure that I'm able to do two things at the beginning of every month, pay Rebecca what I owe her for my half of the expenses every month, and make sure that I have the cash to make my maintenance payment and my life insurance payment. After that, I guess it's all me, but you could do the math yourself, right?

Rebecca: Well, if I can just interject when John talks about paying me, it's a bit different, because it's the house he enjoys, the lifestyle he enjoys, the things we do together. He is spending on himself, it's just coming in the form of a check to me, because I'm the one who manages the credit card bills, and the mortgage is in my name, and the title of the condo is in my name. We jointly decide to take certain trips or go out to dinner at this restaurant, or do this, or do that.

John: I didn't intend to make it sound like these are all obligations, what I meant to say was I have to make sure that I have enough at the beginning of every month to do everything.

Ramit Sethi: I get it. I wonder, if you had to describe the balance of how much time the two of you spend looking backward at all the ex-wife payments, and how much time the two of you spend saying, well, we get to live in this cool condo, and we get to go out to this great dinner and maybe take this trip, how would you describe the breakdown of how much time you spend on each of those categories?

John: I spend a far greater amount of time appreciating what we have and what we do than feeling resentful for what I have to do. Far greater time. And I truly appreciate this nice life that we've made.

Ramit Sethi: Awesome. That's great. I'm pleasantly surprised to hear that. Rebecca, would you agree?

Rebecca: It feels like the feelings of resentment are so much stronger and they're obviously of a much greater percentage than I want to spend in my life. I want to think about them 0%.

Ramit Sethi: Why do you think that your feelings of resentment are greater than John's?

Rebecca: Well, number 1, I think it's a function of age. He is older, so he, I think, has a better appreciation of just enjoying life and being grateful. I think having those 17 years on me is one factor. I think I have a personality where I tend to focus more. I tend to run more anxious, so I focus more on just what's not there or what's going wrong, versus what's going right. I've always been like that. And I feel resentful of the situation. And like when John described what happened in the COVID year, I came last. And so, he's prioritized me in the day-to-day life, and our marriage, obviously, and he chose to marry me even though it meant complete financial destruction for him.

Ramit Sethi: When you made a lot of money, what did you do with the money?

John: Last year, the first 25,000 of it went to my retirement contribution. The next 10 or \$11,000 went to pay my two partners for their shares. The next 9,000 or so went to repay Rebecca for the money that I owed her. And then, I paid down a lot of bills that I had and made sure that I sucked a little of it away to make sure that I wasn't going to run into any issues with the life insurance premiums that I had to pay. And as I sit here, I can't tell you exactly what else I did with it.

Ramit Sethi: This is a big clue. I find that people stop paying attention to the nuts and bolts of their spending around \$150,000. At that level of income, you're earning enough that you don't necessarily need to track every tiny expense, but if you live in a high-cost-of-living city or you have financial obligations, \$150,000 isn't enough to spend on everything you want. That's a tricky number. By the way, in chapters four and five of my book, *I Will Teach You To Be Rich*, I show you how to set up a system, so you don't have to track every little expense. You set up your system and you spend less than an hour a month on it. I don't think John and Rebecca used my system, though.

What's the difference between a year where you make 235, versus a year where you make 305?

John: Retirement contribution for one. That's the big one. It's hard to say what I cut back on, because again, Rebecca may disagree with me, but I don't believe that I spend very much money. Certainly, taxes are greater the year that I make more money.

Ramit Sethi: Rebecca?

Rebecca: You had the exact question that I had for the last 10 years, which was, where does the money go? And I asked him that and it comes across as accusatory or that he's lying. I mean, there has been some dishonesty in our past about some debt that he's had, but we've worked through that. We're in a much better place about it. And I truly don't believe he's spending money somewhere. But we'll have to both cutback. We'll have to take a different kind of trip, or take fewer trips, or go out to eat less, or...

Ramit Sethi: Hold on. What does that mean, a different kind of trip?

Rebecca: So, my thing is travel and luxury travel, and I like to stay-

Ramit Sethi: Oh, speaking my language. Hold on. We've got to get into this. What are your hotels?

Rebecca: Oh, Four Seasons. Give me a destination, I'll tell you where I will stay.

Ramit Sethi: Okay. Good answer. Okay.

Rebecca: So, this year, the hotel that used to be \$700 a night is now \$2,100 a night. And it's ridiculous, and I was willing to sort of do that during one year, but it doesn't seem like that trend is changing. So, now, I'm thinking we need to adjust to, we're not going to stay somewhere that's \$2,100 a night for more

than one or two nights. But last year, when it was a good year, we did spend more on trips, and we stayed at the Post Ranch Inn in Big Sur, which is a bucket list hotel for me. I'd wanted to go there for 20 years. The one night we stayed there, it was for his birthday, it was \$2,100 a night. To me, it was worth every penny, and I've already planned out the trips.

Ramit Sethi: Oh, very good. So, you have the number, you know how much you're going to spend and how many times you're going to travel this year?

Rebecca: The trips are planned, yes.

Ramit Sethi: Wow. Okay. I'm pleasantly surprised. That's sophisticated. Very good. Still brings us back to the question of, where does the money go in good times? Probably more to travel, yes, what else?

Rebecca: I would say we would eat out more.

Ramit Sethi: I mean, I'm sure you guys are eating at a nice restaurant, whatever, a couple of times a week. Is that a good ballpark assumption or is it more?

Rebecca: No, that's the max we'd eat out. I've been cooking a lot more since COVID.

Ramit Sethi: Okay. 70K, where does it go? It's 30K with taxes, maybe 40K, let's say, what else?

Rebecca: That's a great question. I mean, I don't know.

John: I've had some significant medical expenses the last few years, so that's another about five or six grand a year. And I had paid down a significant amount of debt. I had cleaned the slate. I had. And that was something that I was very happy and very proud to do. It's hard for me to even explain how badly I stepped in a pile while all this was going on. Now, 10 years ago, I had issues with the government, I had issues with credit card companies, I had issues with keeping up my court-ordered obligations, although Rebecca is right, I've never actually missed any of those, but, yeah, it goes. It goes.

Ramit Sethi: You've contributed to your 401(k) more when you have more money? That's awesome. Do you feel good when you do that or not?

John: I felt fantastic last year when I was able to do that.

Ramit Sethi: Really?

John: Yeah.

Ramit Sethi: And how did you express that? Like did the two of you talk about it, or how did that come to be?

John: We did talk about it, and I felt a great sense of relief, and I had this mindset that this was something I was going to be able to do every single year. That didn't happen.

Rebecca: I similarly felt a huge sense of relief last year, thinking of how this was going to be the new pattern going forward, and I thought, okay, maybe things aren't so bleak. There is the debt. There has historically been a lot of money stress. I thought, okay, finally, this is the light at the end of the tunnel, so this past year was a huge setback.

Ramit Sethi: Well, okay, I will say I'm pleasantly surprised to hear that both of you celebrated it. This is surprising to me because a lot of people don't celebrate when something good happens. When you're down in a dark hole, one good thing happens, you go, yeah, but I'm still down in this dark hole. And I'm pleasantly surprised to hear that both of you recognized it was an amazing opportunity and an amazing thing that, John, you were able to contribute more in your 401(k). That's awesome. However, this idea that, suddenly, we've turned the corner and it's all going to be positive, I think, is setting you both up for negative feelings.

John: Oh, this was a huge gut punch, yeah, this year. I agree.

Ramit Sethi: I mean, your finances, to some extent, are out of your control, at least the end of your part, and so to only count on it being up is not realistic, and you saw that last year. So, what if instead of assuming it's always going to be the highest case, we make a little bit more of a conservative assumption? Start to live on that amount, start to plan for that amount, and therefore if you happen to get paid a whole bunch more, it's icing on the cake. You're willing to talk about it, to me, that is the most positive thing that could indicate there is a light at the end of the tunnel.

Lots going on here. There are the emotions around money, plus the actual numbers and the system they use to manage their money, and all of them need work. I don't blame them for feeling stressed out about money. If I were in their shoes, I'd be stressed, too. Sometimes, they earn this much, and sometimes, they earn way more, how are you supposed to plan for that? I will say I was surprised to hear that they celebrate money.

That's pretty rare, and it's a very good sign that they can understand the joy of money, not just the stress. What I find interesting is that they seem to set themselves up for failure. They plan based on these windfall years, but that's just not reality. Some years aren't like that, and when that happens, they feel like they failed. A lot of people plan month-to-month. They never stop, zoom out, and think on an annual basis.

And then, a lot of people only think on an annual basis. They never zoom out and think about a five-year basis. I want you to zoom out of your weekly or monthly, or depending on what level you're at, even your annual thinking. Think on a bigger scale. If you assume an average income of, let's just say \$100,000 for easy math, that means some years will be \$125,000, but some years will be \$75,000. That's how math works. Some years are better, some years are worse.

I've had years where I made way more, and some years where I've made way less. If I didn't have a North Star, some bigger vision than how much money I made that year, I would be sad and stressed, too. Here's what I want to do with them. I still don't understand where he's spending his money, so I'm going to do some calculations with him to figure it out. As you listen, you'll hear how easy it is to mindlessly spend way more money than you thought.

When we did the first calculation, we were left with 55,000, minus 8,000 for disability and medical, minus \$25,000 for 401(k) full contribution, minus an 8,000-dollar loan, you still have \$14,000 left. Are you surprised by that number?

John: Yes.

Ramit Sethi: Okay. Rebecca.

Rebecca: Because what's not included in the numbers we gave about the household expenses are food, entertainment, things like that. So, the \$2,500-dollar number was just housing taxes, and HOA.

Ramit Sethi: Okay. I get it. How much is that stuff per month, his share?

Rebecca: About 2,000 a month.

Ramit Sethi: Oh, that takes you into the red.

John: See.

Ramit Sethi: Okay.

John: Right.

Ramit Sethi: So, here we go. Fine, fine. We can work with this. Alright. I love it. We finally got to the answer. Okay. Very good. And you didn't include renovating your French doors, that stuff is not in there either. Did you notice that?

John: Correct.

Ramit Sethi: And I didn't catch the Las Ventanas or all those nice hotels that, at least, you, Rebecca, love to go to. Did you guys notice that?

John: Correct.

Ramit Sethi: Yes. So, now, we see how it's possible to make quite a bit of money, but it sort of just comes in and goes out, and you don't feel like you're getting ahead anyway. There's no vision. First of all, there's no accounting of where the money actually could go. The second, there's no vision of where it should go. Now that we've got this on paper, we can start to rejigger things, and we can make a rule of thumb, if I make 235,000, this is what I'm going to do with the money. When I make more, this is what I'm going to do with that money.

And so, you don't have to achieve all this stuff every single year, but at least you know what to do in the base case and what to do in a really good case as well. That's going to feel so much better than just like, oh, shit, what do I do with this money? It's just coming and going out. Question: The \$2,000 that you just mentioned was, what... your food and entertainment?

Rebecca: Yes. So, I kind of roughly estimated about food, entertainment, Target runs, that kind of thing.

Ramit Sethi: Yeah, for just him, per month?

John: Yeah.

Ramit Sethi: It's a lot.

Rebecca: Nespresso Coffee, eating out, dental insurance.

Ramit Sethi: No. Come on. Dental insurance and dinners out do not count as the same thing. Don't bullshit me. What is it? I don't mind that you guys are spending, you make a lot of money, but what is it? 2,000 for him and 2,000 for you, that's quite a bit, what is it? Is it delivery? Is it food? What is it?

Rebecca: I mean, once in a while, we'll have a random expense in there. Like for example, two months ago, we bought a Dyson air purifier and humidifier. That was \$900 right there.

Ramit Sethi: Do you have a fund for this, petty cash, or a mid-term savings goal for this?

Rebecca: For my plan, for my half is I put 10% of my paycheck into this sort of slush fund for like more major household expenses and travel. And then, I draw from that if there's not enough to pay my half of the joint card, then I have my expenses...

Ramit Sethi: Okay. Hold on. John, I'm going to guess, you don't have the equivalent 10% slush fund for your money. Is that correct?

John: Well, yeah, that's correct.

Ramit Sethi: One of the key distinctions between the rich and everyone else is that the rich save before they need to. Notice that Rebecca proactively puts 10% away for these sorts of things. When the time comes, she's not scrambling for the funds, she's not wondering if she has enough. This is a great way to think about predictable expenses, like travel and birthday gifts. You can even create a fund for unexpected expenses, like parking tickets or home repairs. Plan for it. It makes all the difference.

Rebecca: 16,000 is probably accurate for our joint trips.

Ramit Sethi: Okay. Good. So, we're in the red now, which is okay. I mean, we don't want to be in the red, but at least we can see everything. And I am guessing we're probably 10 to 15% off in some direction. John, what do you want to do?

John: Well, I'll going to have to cut or I'm going to have to earn money. Those are the two options right now, right?

Ramit Sethi: Yeah.

John: Well, I can only cut those things that are considered discretionary, so that would be the travel, the eating out. I've got to pay my taxes. I want to make my 401(k) contribution, although it does not have to be the entire 25,000, but I would sure like it to be.

Rebecca: Well, I want John to pay himself first. I want John to max out his retirement. So, whatever I need to sacrifice, that's fine. I'll figure out how to fund the trip separately. But what's also not included in these numbers is my portion of the life insurance. So, that's another 10. I'm willing to sort of consider as part of this that maybe we don't need to do that anymore.

But I'll tell you why it's been important to me, aside from the practical reasons. To me, it avoids resentment. If he's providing for his ex-wife on his death, but not providing for me, and I, sometimes come, second now, that's sort of a way to ameliorate it, and again, practically to account for our inability to save as much as we'd want to. Yeah.

John: So, for example, I pay \$1,300 a month for \$2 million worth of universal life insurance. Of that, Rebecca probably gets about-

Ramit Sethi: Who sold you that? Who sold you that?

John: You'll laugh, the same friend that let me be like-

Ramit Sethi: No, I'm not laughing, because I already knew the answer.

John: Yeah.

Ramit Sethi: You guys, this guy is not your friend. Universal life insurance is a fucking horrible-

John: Oh, it's horrible.

Ramit Sethi: It's horrible. And you know who it enriches? The salesperson. So, once you've been paying it, I assume for a long time, you're like, oh, my God, sunk cost, what should I do? How much are you paying, 1,300 a month?

John: Yeah.

Ramit Sethi: Holy shit. And how long have you been paying that for?

John: Since January 1st, 2016.

Ramit Sethi: I want to wring this guy's neck.

Attention, podcast listeners, I'm going to give you a quick tutorial on how to know if you're getting ripped off. If you have a guy for your money, you are probably getting ripped off. If your guy sells insurance and annuities, you're getting ripped off. And if you text them right now, and ask them, "Hey, out of curiosity, can you tell me your fee structure? How much do you charge me, and what is the fee structure?", and they send you back an oddly emotional response like, "How could you ask that? We've worked together for so long. I thought you trusted me", you're getting ripped off.

And also, send me screenshots. Guys, universal life insurance rarely makes sense. If you want insurance, start with term life insurance. Remember this, insurance is not an investment, no matter what your guy tells you. Insurance is insurance, and universal insurance only enriches the salesperson. By the way, for all the insurance salespeople listening, don't bother writing to me, okay? I'll see you in hell.

The reason I'm getting mad is not at you, it's that I don't think you should have to be financial experts to not get ripped off. I shouldn't have to be a lawyer to not get ripped off when I go buy something from a store, and you shouldn't have to be financial experts. Okay. I can't tell you on this call alone whether you should cancel your policy or whatever. Here's what I can tell you. Universal life insurance is seldom good. Term life insurance is much better. If I were you, yeah, I would encourage you to look up the price of the term.

I would also say, Rebecca, you kind of graciously offered to say to John, "Hey, I'm willing for you to pay yourself first, maybe I don't need this payment". I think there are a lot better ways for John, and you, to be providing for Rebecca, given your age. I would not be taking my money and putting it in universal life insurance, because you're just having fees siphoned out of it. A much better approach would be for you to either contribute more to your 401(k), and/or another type of retirement vehicle, an IRA, or whatever else you're eligible for with your income. And then, presumably, if you were to pass away, that would be passed to her. Is that how you've set up your accounts?

John: Yes.

Ramit Sethi: Okay. Then, there's no reason for you to be putting money into this black box, where a ton of percentage of it is being taken out and given to the sales guy.

John: Right. I was looking for a term policy because before my 10-year term expiring in 2016, I was paying pennies for \$4 million worth of insurance, so I was told it wasn't available and it wasn't available at an affordable rate because of certain health issues and other things.

Ramit Sethi: Okay. This is tough. You're really kind of backed into a corner here. Well, I'll encourage you to see what else is out there, take another look, maybe things have changed. If it were me, I'll speak for myself, and I were in the exact same situation, I would simply take the money that I would be paying towards this universal, I would put it in retirement accounts, and just tell my partner, hey, let me explain why I'm doing this, because I'd rather have 100% of this money go to you in the case that I die, rather than X percent, minus the fee that's being siphoned off right now. Understandably, there are some complexity, health issues, sunk costs, et cetera, so that's something you probably need to work through.

John: Yeah.

Ramit Sethi: Alright. I'm still showing that you have 11,375 left. Is anybody else wondering about this?

John: Well, I do spend some money on myself for some clothing. I eat lunch. I get a haircut.

Ramit Sethi: Good. I want you to. Good. Okay.

John: Yeah. I mean, that stuff can certainly be close to \$1,000 a month at the end of the day.

Ramit Sethi: Okay. So, what do you think from looking over this? We've zeroed it out. We've taken 235,000, we've brought it to zero. What do you think?

John: Like I said, I think that either I need to make more money or spend less money. And, the part of it that I can control right now is the spending, but not all of it, because like I said, I don't have control over the largest portions of it. So, I eat fewer meals out and buy things for myself. I can't envision where else I can make these cuts right now, and that is the issue.

Ramit Sethi: Okay. Rebecca, what do you think?

Rebecca: Well, I think the two biggest things are, put the math aside, whatever John thinks he's able to do, not able to do, it's clearly possible to prioritize his 401(k) contribution, and he's got to find a way to make that first, and it's clearly doable. And then, I think the second thing is we'll talk about revisiting the life insurance issue because that is a big chunk of money that goes out the door. I know he looked at some things, and we talked about it, and I don't know if it's possible to reduce the policy to what he has to maintain under court order to eliminate my piece of it, but we're going to talk about it and put pen to paper, because we've never really done that.

And I think starting to do this with these bigger ticket items hopefully will give John some inertia and hope that he's—let's sit down, and it doesn't have to be the most detailed spreadsheet, but I would like to put it in black and white, and have a visual to see maybe what is leftover, and what we can spend and what we can't. And I'll have to figure out a piece, the travel piece. I guess I'll take that on if that's my priority.

Ramit Sethi: Well, let's talk about that. So, the travel part, let's talk about this. And I happen to understand this because I like to stay in nicer places than my wife does. I'm like, lo, this is the place, trust me, I know the exact room, I know every detail. Okay. So, how do you currently handle that?

Rebecca: Yeah. I mean, I researched all the hotels and travel, and I planned it all. I have a bucket list of hotels I want to go to, and I say, this is what we're doing. I say this is how much it's going to cost, is this doable for you? And he'll usually say yes.

Ramit Sethi: John, do you know when you're answering if it is possible for you?

John: Oh, I know if it's possible, I always also know that it's going to be cutting things very, very close.

Ramit Sethi: Yeah. Okay.

Rebecca: So, we would put it on the joint card where we earn our airline miles, and that's important to me, too, because I accumulate miles for other trips and we accumulate miles for our trips. And then, at the end, whenever the bill is due, I'll say, this is half of what the travel costs, and he'll include that in the monthly check he writes to me.

Ramit Sethi: John, do you care about hotels like Rebecca does?

John: No, I don't.

Ramit Sethi: I already knew the answer, I just had to ask it, because I like to see it in another couple, just like my own. Can I make a suggestion? I'll tell you how we have handled this because when you're working with these really expensive hotels, it can quickly add up. That's number 1. And then, number 2, you've got a finite amount of money here. So, like 2 or \$3,000 can swing things quite a bit for you, John. And so, when I hear this feeling of like, oh, is it ever going to end, and I think by making a few key decisions correctly, a lot of this stress becomes alleviated.

John: Good.

Ramit Sethi: So, here's how we handle it. First off, we make a plan at the end of each year, very similar to how you have, it seems, we're going to go on this many trips, and we know that each trip is, on average, going to be, let's just say \$3,000. When I pick that number, \$3,000, and my wife and I talk about it, what I would say is we would pick a mid-level place that would be okay for both of us. I'm not talking about Motel 6, but I'm not talking about Aman.

I'm talking about something that we would both be okay with. Now, if I go, we need to stay in this hotel with a pavilion, pool, or whatever, and that's going to be an extra 5,000, 10,000, whatever, then we were going to have a conversation. And in some cases, we would say like, this is for both of us, let's do this because it's special or it's within our plan. If it's just something I want, because I'm weird and I want it, which I consensus is the case here, then-

Rebecca: I can so relate.

Ramit Sethi: Yes. Then, I would be like, listen, this trip, the baseline of this trip is, let's say 5,000. I want a room that's going to cost 4,000 more, I will pick up the 4000, okay, personally. And so, we have this conversation. And sometimes, I'll make the case, and she will say, we should do that joint or not, and I'm perfectly fine if I want something, and also, I can afford it. Rebecca, you can afford it from your plan. Now, what does this mean for the two of you? I think it brings you closer together. First off, sometimes, you're going to be like, Rebecca, you're going to go, alright, I don't want to pay \$5,000 out of my pocket, this baseline hotel is perfectly good, we'll get to spend some time, eat some good food, great. Other times, Rebecca, you can be like, no, this is Post Ranch Inn, this is what I think is great for us, I want to pay for it.

And then, finally, John, as you become more comfortable with your financial situation, I know that it's going to be the case where you're going to go, you know what, this should be both of us and maybe even one day like, I'm picking up X because I had an amazing year and an amazing bonus, this one's on me. So, it allows you just a selection of control and the two of you get to talk about it, but you're starting from a baseline that's fair for both. It's not fair to expect John to be able to afford the places that you want to go to, Rebecca, right?

Rebecca: You're right.

Ramit Sethi: How do you feel about that?

Rebecca: I think that's a great plan.

Ramit Sethi: John.

John: I don't know. Call me old school, right? You know what I'm going to say, I have a hard time with the concept of not sharing these expenses equally. Although these hotels don't mean as much to me as they do to Rebecca, I enjoy her being happy.

Ramit Sethi: I get it.

John: Yeah.

Ramit Sethi: Rebecca.

Rebecca: I know that's how John feels, and I appreciate that, but I think, Ramit, as you said, there are going to be certain times where I know it's worth it to me, I don't want him to be stressed. So, I appreciate that he wants to treat me and to share, even if it's just a shared 50-50, it's not worth it to me that it's at the expense of his comfort, stress, and retirement. That can't be the situation anymore.

Ramit Sethi: No Post Ranch Inn is worth your retirement, John. I don't care how nice it is. That's a nice hotel, but no. What I want for both of you, John, I want you to be able to sleep better at night, and I can see a path. I know you can't see it yet, because you're still embroiled in like, oh, my God, obligations, but I can see a path with your numbers. And we are using a conservative assumption. We haven't even talked about what happens when you get the big bonus.

Rebecca, I know that you've mentioned that you want safety, you want a plan. And so, listen, I understand the old school mentality, as you put it, John, but I think that if the two of you have this discussion, it will be great. I also think that the difference between the way that you are currently traveling, John, you mentioned this is the only way we were able to do it, the difference between that and this plan is this plan is proactive. The two of you are reactive to money. Imagine, on December 30th, you open the spreadsheet, you go, oh, shit, and then the entire rest of the year, you're playing catch up.

It's no way to live, right? You're playing catch up from last year's taxes, last year's debts, last year's French doors, all of it. It just sucks. You never get ahead. The only time you get ahead is if somebody bestows you with this gigantic bonus, which then just gets eaten up. We've got to end that pattern right now. So, part of it is what we have just done, we've changed the dynamic around travel. That's just one example. You can extrapolate that to many. Let's pick a number. Hotels and travel go from 625 a month to what? What number? Make it up.

Rebecca: 300 a month.

Ramit Sethi: Great. Okay. You cut it in half. Is that realistic?

Rebecca: I think so. I think if I'm contributing more of it, even—that's realistic for John's share.

Ramit Sethi: Okay. Great. Perfect. So, right there, we just earned an extra 3,000. Now, here is the key. What are you doing with that money, John?

John: Putting into my retirement.

Ramit Sethi: Good. Good. And if you've already maxed out your 401(k), what are you doing with it?

John: Paying down debt.

Ramit Sethi: Which debt?

John: Pay my friend some money.

Ramit Sethi: Love it.

John: Yeah.

Ramit Sethi: Alright. That's awesome. Now, we're coming up with a plan, so you know what to do with this extra money. See, this is the best part. There's a lot of fat in everybody's spending, especially at higher income levels, right? Nobody sees it, but you go through it, you go, yeah, we can cut this, we can cut that, but the thing that nobody does is they never actually make a plan for what to do with the newfound money.

They just go, oh, yeah, like I'll do something, but money gets absorbed. One of my friends told me, he said, "When you become a parent, your kids will suck all the energy out of your relationship if you let them. And so, you have to fight for the two of you to have time together." I thought that was wise. I found the same thing with money. Money will go if you don't prioritize and fight for it to go to the right place, especially when you live in a city, in a nice place, et cetera, right?

No judgment. I like to eat out sometimes, too, but I have to make sure I prioritize the things that matter. Okay. We did that, what about this 2,000 on food and entertainment? I feel like there's an opportunity there. There's some wiggle room. Find it. It's okay if it takes a few months. The point is not that I need you to start cutting everything tomorrow. That's not the point. It's got to be sustainable. But I'm willing to bet, just from looking at these numbers, there's a way for John to reduce about 300 to 500 a month with a little thoughtfulness, and a little creativity.

Again, that's 4,000 bucks-plus per year. We're starting to talk about some serious cash here. And some suggestions I might make would be, John, you've mentioned you want to build up your savings account, I think that would be smart. It would give you a sense of security. It would also do the same for you, Rebecca. So, yes, of course, you're going to max out your 401(k), that should happen, but what else? You have other retirement options. It could be investing or it could simply be savings. And that would start to feel good when you see 5,000, 10,000, 15,000 sitting there in liquid, making you sleep a lot better at night.

John: Yeah.

Ramit Sethi: Yeah. Okay. What are you both thinking as you hear this conversation right now?

John: Well, I'm thinking that it's a conversation we should have had a long time ago and it's certainly possible to accomplish what we need to accomplish.

Ramit Sethi: Rebecca.

Rebecca: I'm feeling a lot more hopeful and I see a tremendous change in John in terms of his openness. Before, money was a topic he couldn't talk about, much less like literally go down and make a list of what we're spending and how to maybe cut. So, I think this is a tremendous progress already.

Ramit Sethi: This is awesome. Well, I will say, that you both came to play ball, and that is what I appreciate most. We can be in whatever financial straits, but the fact that you both are open about the very complex financial situation you have is amazing. I have been very impressed that you two have talked about so many of these things. Yeah, maybe you haven't talked about it perfectly, and sure, there's some avoidance in certain things, okay, the fact that we can sit here and take some assumptions about how much you're going to make, which until now has paralyzed the two of you, well, the answer is to pick a number, and ideally, be conservative.

So, we picked it. We have some stuff. I think there's probably some wiggle room in this on the order of like 10,000, maybe even more per year, which is a lot of money. And finally, something that will be a joyful discussion for the two of you is, what do we do if I get a bigger bonus? That's a great conversation to have. I'll leave that for the two of you to have.

The elephant in the room for John and Rebecca was the nearly \$70,000 in annual obligations that John has to pay to his ex-wife every year. Did you notice that it dwarfed almost anything else we talked about at the beginning of the call? But did you also notice that by the end, we weren't talking about that at all? Here's why. Sometimes, the thing that consumes you is not the major problem at all, it's simply the step you have to get over to confront the real issue.

The fact of the matter is John owes nearly \$70,000 a year. Nothing he can do about it. He's a lawyer, I'm sure he's looked into it, let's move on. Once he accepted that, then we got to tackle the real issues. One of the real issues was he didn't know how to plan on an irregular income. He can make 235,000, he can make 305,000, so what's he supposed to do? Well, the answer is just to plan around 235,000. Just plan around it.

Once you make a plan on how to live at 235,000, which is his conservative estimate, then the rest of it becomes a joyful exercise of, what do I get to do with all this extra money? In some years, like last year, where he didn't get paid a whole bunch more, that's okay. You can't get paid a huge bonus every single year. He got paid roughly his base case assumption. He's already planned for how to live on that. It's no big deal.

Sometimes, we're so paralyzed by uncertainty that we go years without making a decision. It would be much better if he simply said, you know what, I'm just going to pick the worst-case scenario, 235,000, let me plan around that. Once he did that, it was very freeing. He could start to look at his expenses, which had candidly gotten a little bit out of control. I can understand why, that doesn't justify it, but I can understand why.

Once he started to get disciplined about that, then he started to realize, oh, my gosh, I can pick up \$4,000 here, \$5,000 there, I can tighten up certain things. That's a lot of extra money that can go towards his retirement. It's very meaningful, especially at age 61. And then, of course, he had to talk to Rebecca.

They have some assumptions in their relationship. He wants to be 50-50 in certain expenses, and that will be for him and Rebecca to discuss. They also have differences of opinion on how they're going to spend on things like travel.

In the grand scheme of things, those are minor issues, and I think that they're probably pretty reasonable about that. The larger issue is having a North Star. In their case, the North Star might be, I want to be financially responsible. Even though I'm obligated to pay nearly \$70,000, I still want to save and contribute to the household. And I want to provide for you, Rebecca, in case something happens to me. That's a great North Star. That allows him to have a very good quality of life, to acknowledge reality, and then to make a plan.

Synopsis: Alex and Nicole are getting married this summer and plan to start a family in a few years. That much, they know. How they'll get there is another question.

Nicole doesn't want to deal with finances—she prefers to ignore it. Alex, on the other hand, is in the position of having to handle finances on her own for the both of them. Naturally, that leads to stress and resentment.

Delegating financial responsibility in a relationship rarely works. Money affects both partners so much that it inevitably creates an unhealthy power dynamic. Let's see if we can get Nicole and Alex to approach money like a true partnership so they can both step up to the responsibilities, and joy, of living a Rich Life.

Podcast Transcript:

Ramit Sethi: What do you do if, in your relationship, one of you is interested in talking about money and the other one just wants to avoid it? This is common in lots of couples. Inevitably, the more interested person starts trying to talk about money, then they get ignored. That escalates to nagging the other person about money. That gets ignored, which then leads to resentment, which can lead to much worse. Money is unlike some of the usual things that we delegate.

In lots of relationships, one person might be in charge of emptying the dishwasher, and another might be in charge of mowing the lawn or taking out the trash, but money isn't like that. It's not something that can be delegated to your partner. It's not something that can be delegated to an outsider. It applies to so much in our lives that both partners have to be engaged with it. In that way, money is more like parenting. You'll rarely hear about one partner who's solely in charge of parenting, so why do we think that's okay with money?

Today, we're meeting Alex and Nicole, who are engaged. Now, Nicole does not deal with their finances. She doesn't want to engage with it and she prefers to ignore it. That puts Alex in the difficult position of having to handle the finances on her own, and that's setting them up for resentment. Now, if you've heard couples like this, the advice usually consists of someone berating the non-engaged partner, saying things like, you have to get involved, it's important, seriously. I don't find that that approach works at all. So, in today's episode, you're going to hear what I do to hopefully get Nicole engaged with money. I'm Ramit Sethi. Welcome to I Will Teach You To Be Rich.

Nicole: I unabashedly want to go out and explore the world and not have any restraints, right? Alex is much more cautious. We bump heads quite a bit on things that we can do, things we can afford, things we can't afford. Specifically, I want to get a dog, right? Like that's my number-

Ramit Sethi: Okay. What kind of dog?

Nicole: I want a doodle or a shelter dog. I want a dog. I work alone at home all day with the pandemic. So, Alex is out in the world, she goes to work three times a week, and I'm at home alone all day. I need a companion, just interaction. That's like my end all, be all right now. It's like our first step, I think, into starting a family and building a life together, and I don't know, taking care of something together.

Ramit Sethi: So, you bring up to her, hey, I want a dog, and you've got the type of dog in your mind, I wouldn't be surprised if you have, what, a Pinterest Board or some Instagram things you saved?

Nicole: Sure. I even have a name.

Ramit Sethi: Okay. So, you've gone that far, great. You're really into having this dog.

Alex: I don't want to sound awful, but like if I was by myself, I would have a dog, because my concern with the dog, it's not, per se, the monetary issue. It's more because we're not on the same plan as far as the steps that we want to take. I know that Nicole struggles a lot with the concept of time, so I know she gets involved with the job, which is great, but she struggles with separating the work-life balance, which is very common.

So, I feel like having a dog would just add an extra thing for me to do, and wouldn't be as much of an enjoyment to have a dog, as I want to have a dog. It would be more like, in the end, I would have to take

care of the dog, bring it to the vet, like all of that stuff, because I have more of a—I created more separation between my work and my life, so it's just more work-life balance that works for me.

Ramit Sethi: So, is it a lifestyle question? Is there any financial element of this that troubles you, or is it just, you'd end up having to walk the dog?

Alex: I think it's a little bit of everything. Also, like I'm originally from Europe, so that means that if we leave and go overseas, it's usually for about a month. We can't bring the dog with us as easily, especially if it's a bigger dog, so it would be like, okay, then on top of all the regular bills that anyone has, then we would have to figure out, what do we do with the dog? I also don't want to constrain it like if I want to travel to just be able to do it, because I have to worry about, what do we do with the dog?

Ramit Sethi: Okay. Nicole.

Nicole: I think that Alex is skipping over her mantra that she says all the time, which is, how can you expect to afford a dog whenever you're saddled with so much debt, you can't see out of it? Like she says this to me a few times a week, right? And she's right, I see the merit in that, of course, but there's also an element to me that's like, let's live for now like we're going to have this debt, whether we like it or not until we pay it off.

Ramit Sethi: Most of this is very unsurprising so far. We have one partner, Alex, who wants her partner, Nicole, to care more about money. And Nicole has this philosophy, "I want to live for today, I don't want to save everything for tomorrow". She almost talks about it as if it's a surprise as if it's something unique, but that's like someone sitting down at a restaurant, spending 10 minutes studying the dessert menu, and then leaning in, and whispering to the server, you know what I think I'll have, the chocolate cake. It's like, ah, yeah, 90% of people who walk in this place order the chocolate cake, I could spot you were going to order that 10 miles away. But to change, people need to feel heard. And I want Alex and Nicole to feel heard. Even though this beginning part is rarely a surprise to me, I need to let them get their stories out. And I will say, the individual wrinkles of these stories are always, always fascinating and usually quite surprising. It turns out that Nicole has a significant amount of student loan debt, which Alex didn't know about until very recently, like when they got engaged. Not surprisingly, this has been a source of conflict.

Alex: It was kind of a shock, because it was like, I know this person, I know that she's very competitive, she's extremely good at her job, but then she had no idea what was going on when it came to the student loans. How can she not have a plan? It was more like understanding of like she did not see that student loans are like, it's debt. We got engaged, and it was something that I knew she had student loans, and again, very fortunate not to have any, so when we got engaged, I thought, it might be a good idea to assess our finances together, see what we could do better, what we're doing well, see where we're at so that then we can sort of like have a clear understanding of what our path in the next few years can be. So, we just logged in, looked down at the numbers, and realized that her payment was supposed to be an X amount, and she was paying the minimum, and the interest that she was accruing every month was three or four times what the minimum that she was paying for was. I believe my reaction was something kind of like, are you nuts, just because I knew how much she was making, so I just couldn't comprehend. Like I just couldn't logically comprehend how she could be making that much money, but also contribute so little to repaying the debt when it wouldn't have hurt her living style or anything that she wanted to do in her private life.

Ramit Sethi: Okay. Nicole, so here you are in this conversation, how long after you got engaged did this conversation happen?

Nicole: Like within weeks. So, it was a bombshell that I dropped on her.

Ramit Sethi: Did you bring it up or did Alex bring it up?

Nicole: Alex brought it up. Alex, we're talking about our future, our money situation, put wedding planning, you're going to talk about budget, finances, and so I let the ball drop. At the time, it was about a \$100,000 worth of student debt.

Ramit Sethi: And how much is it today?

Nicole: Today, we've knocked it down about, I think, around \$70,000, but also, I'm still not super connected with it. So, Alex is the one that handles most of that and likes knowing where it is.

Ramit Sethi: Okay. Wait. Hold on. Okay.

Nicole: Yeah.

Ramit Sethi: Yes, we'll get to all of that, but how come you just blaze right by the fact that you've taken it from 100 to 70K? That's pretty impressive.

Remember my philosophy, take the win. So many of us live under constant stress when it comes to money. When we look at our numbers, we start holding our breath. When we even think about our finances, our heart starts beating faster, which means that when something good happens, we rarely pause and acknowledge it. We hardly ever celebrate it. Do you realize how much that sucks?

You spend your entire lives feeling bad about money, then when something good happens, you just glumly take another bite of that bagel, and go, ho-hum, and then you go on with your day. I used to have this problem. I'm not naturally a celebrate kind of guy. So, when we'd launched something huge, I would go, nice job, and then I'd get right back to work, what's next? It was my wife who finally told me, "Hey, you just published a second edition of your book, you were in Times Square, we need to celebrate", and she was right.

We have to take the win, to celebrate when something good happens. And when I say celebrate, it could be something as simple as a candle on a piece of cake or as exotic as an international vacation, but it has to be something you take the time to mark, something you look back on a year from now and remember it. Those celebrations seem small, but they are part of the journey to treating money with respect and joy.

Nicole: It's all because of Alex because she put me on a plan. She really kind of sat down and organized our finances, and made a real strategy for what to do, so it was impressive, but it's all her. Unfortunately, I still don't know much about how we got there, I guess, or the real bits that it took to get there. I just am not as connected as I should be with it.

Ramit Sethi: You want to be?

Nicole: No, but I will be.

Ramit Sethi: Thank you for being honest. I love the honesty.

Normally, people who have no interest in their money make excuses, yeah, I really should, I know I should. It's a lot of shoulds. Nicole just straight-up says she doesn't want to hear or think about it. That's refreshingly honest. Hey, I just talked about taking the win a few days ago, I'm going to take the win right now. I'm dealing with someone who's being honest with me. This shows me that Nicole is self-aware, which is a very good start.

That's honest.

Nicole: Yeah. I don't know what it is about like personal finances or money, it makes me feel like I'm working in my personal life. I work enough hours, but I have to understand that these are my finances and this is my personal life, this is our future together, so I know that I need to be more involved.

Ramit Sethi: And what's the pattern that has emerged between the two of you? For example, who's the one who brings up the money conversations?

Nicole: Alex, 100% of the time, always brings up the money.

Ramit Sethi: Yeah. And who was the one who asked to be on this podcast?

Nicole: Alex, of course. I know that it's unfair of me not to, like I'm fully aware of that, and I think that I judge myself like it's an awful thing to put that all on Alex, but I have no interest. I can't find the interest. I try to have interest, and I'm trying to sit down and look at spreadsheets, and I don't know, like graphs that Alex puts together on like our timeline, and stuff like that, and I cannot get excited.

Ramit Sethi: But those sound horrible to me. Like, okay, if you gave me a cool graph, I mean, do you think I'm going to get excited about that?

Nicole: I don't think anybody would.

Ramit Sethi: Exactly.

Alex: I am not excited myself and I do all those things. It's just like things that I'm trying, I'm just really trying to figure out what can work for her.

Ramit Sethi: Mm-hmm. And how long do you talk about this stuff?

Alex: I would say that the conversation usually lasts about a minute to two because she automatically shuts off about it like she doesn't want to talk about it, but like they're very, very short because there's no interest. And so, it's like it gets shut off immediately.

Ramit Sethi: So, how does it go? Just have a conversation with each other, I'd like to understand it.

Nicole: Alex, I am coming off of, I don't know, a 10, 11-hour workday, why on earth would I want to work more right now, is my usual question.

Alex: And I would say something like, well, you can work a little bit longer now that you have the energy, and then in two years, not have to do anything, and then it shuts off.

Ramit Sethi: This is cool. This is helpful. Now that you just replayed that for me, what do you both notice about that interaction?

Nicole: It's immediately tense. Like I felt myself, whenever Alex was describing her perspective, getting a little bit frustrated, just like at the start of the conversation, and it made me want to turn off. It makes me want to cut the conversation off because I genuinely cannot see her perspective, I can't see her side of it. I can't imagine myself working more than 10 hours a day.

Ramit Sethi: Okay. Alex, what do you notice about that interaction?

Alex: That perhaps there's like a lack of—I mean, I think for me, it just comes from how many times we've talked about it, and now, it's more like a frustrating thing. So, like there's a lack of like, while at the beginning, I was very much way more understanding and more—not calm, I don't know if that's the word, but like just more chill about the conversation, because it's been years of trying to have the conversation, now, it's very much like, we should do that, I don't understand why you don't want to do this.

Ramit Sethi: Hmm.

Alex: Yeah.

Ramit Sethi: What do you think I noticed about that interaction?

Nicole: I'm not sure.

Alex: I think that we're completely on two different spectrums.

Ramit Sethi: Yeah. I noticed that it happens late at night, red flag number one. You're tired. Well, one of you is more tired than the other. It happens when you're unbalanced. One person is almost ambushing the other. There's not a set time when you both know that this is the topic we're going to talk about. I noticed that it has a dynamic where Alex, you're going, 'I want you to do this', and Nicole, you're going, "No". So, there's this pursuer-pursuee relationship and dynamic at play. I'm guessing that you see that a lot. I mean, look at who decided to talk about coming on the podcast, and say like, alright, fine, right? It's one person kind of leading the way. Finally, I noticed that it's not fun.

Alex: No.

Ramit Sethi: It's a drag. Both of you, at least you're both agreeing on that. It's a total drag.

Nicole: 100%.

Ramit Sethi: And I don't want that. You've got to have a way of having these productive conversations because right now, I don't blame either of you for the way that you act around money. It's like, man, if I had the same conversation with my wife for five years, and then like nothing changed, we would be frustrated, and we'd be jabbing at each other, and just like, I don't need the small talk, let's just get to it, you need to do this. So, I don't blame you, but I do think maybe there's a better way.

Alex: Okay.

Ramit Sethi: Alright. Nicole, are you willing to share the name of this dog you want to get?

Nicole: It's named a Bailey in my brain.

Ramit Sethi: Bailey. Okay. Cute name. Alright. So, just dream with me for a second, Nicole. You get this dog and the dog is great. So, the dog's at home with you, keeps your feet warm, take the dog out for a walk, I see the smile on your face. So, you love the dog, great. What about when you travel? What would you do then?

Nicole: Well, okay, I have this planned out. I would have a small enough dog, so I can take it on a plane with us.

Alex: But when she says she thought this through, to get the dog to Europe is not as easy. So, in reality, even if the dog is small, there are very few airlines and all of that that would help us get the dog over there.

Nicole: Then, I take it another step, and I'm like, we have such a huge support system in LA, so many friends would dog-sit our dog for X amount of time that we're in Europe, so I still think that there are ways that we can compromise and work around it.

Alex: But I don't think our friends, any of our friends would agree to like keep the dog for a month. Like when we're talking about a week, like a weekend trip, I'm 100% on board, and I agree with Nicole, we'd have so many people that would take care of the dog, but asking friends for like a month, at least, I think we'd have a harder time finding people that would be okay with that.

Ramit Sethi: So, a lot of uncertainty around this decision. The dog question is a legitimate one. You probably could afford it, maybe. You could probably find a way for certain friends to share taking care of the dog, it's possible. But I think something that Alex said earlier really sticks with me, which is Alex, you said, if it was just you, you would probably get a dog, but it's the fact that the two of you, and I think the implication was, you're not quite sure if Nicole can manage things properly with this dog. Am I interpreting that correctly?

Alex: Yes, time-wise, but also money-wise.

Ramit Sethi: Okay. Nicole, do you see, that it's not really about affordability?

Nicole: I mean, I see that. It's made pretty clear to me now, I think, especially in terms of comparing Alex's answers before, that getting the dog to Europe isn't a concern for her if she's by herself, right?

Ramit Sethi: Yeah. So, how can it be different if it's the two of you?

Nicole: Exactly. So, it makes me feel kind of bad that she doesn't have, I guess, like the faith in me to be able to take care of a dog.

Ramit Sethi: So, that's what I want to focus on today because whether you get a dog or not, that's not my focus. I think that's a detail in the grand scheme of your lives, but I do think that if you're planning to get married and start a family, that you want to have a partner you can trust and somebody you can rely on. And life gets complicated, somebody gets sick and you have to take care of elderly parents, whatever, you got to know that I can trust my partner, time, money, and also being able to be flexible in the way they talk about this stuff and think about it. So, we might come back to the dog, okay, but the dog is just a detail, right? Until you can work together on the finances and the vision that the two of you have, you're just going to be fighting over these—like spinning over a dog. And it's not about a dog, it's bigger than that.

Alex: Yeah.

Ramit Sethi: I'm curious, Nicole, when you think about your rich life, what is your rich life?

Nicole: Doing what I love, moving up in my career, and getting to travel, sure, but building out this family, because I think that whenever you say rich life, it could be so much more than just finances, right? It's having a big family. It's having the dog. It's being happy, right? I want to start family planning. I want to have a couple of kids. And I know that that's more expensive for us, because we're LGBT, but I want to have a big family of my own. We both come from a larger family. I guess having the people there, having the family, having the experience to go see our own families, and watching that grow is something that I want.

Ramit Sethi: You mentioned the costs, talk to me a little bit about what those costs are, for you.

Nicole: Yeah. So, we're two ladies, so we would have to get a sperm donor.

Ramit Sethi: I'm so glad that Alex and Nicole shared this moment, these family planning expenses, like a sperm donor, are common expenses for LGBTQ couples, but if you're in a heterosexual relationship, it's

likely you never even thought of this. I know I didn't until I talked to my gay friends who told me they spent over \$125,000 on a surrogate for their son. That's money that came directly out of pocket.

This is yet another example of how money is political. Think about what gets covered, and for whom.

That's one of the reasons that I insist we talk about the links between money and politics. And I want to give a special shoutout to my coworker, Sydney, who instantly recognized that this would be a part of Alex and Nicole's story. I didn't catch it, but she did, and I want to thank her for that.

And so, what are the costs of this?

Nicole: You can get sperm for \$1,000, right? On some nicer clinics, it costs a lot more, upwards of \$10,000. And that's something that makes me nervous, because that's just the sperm, that's not insemination, that's not hospital costs, that's not doctor's visits, that's not diapers, that's not school. That's your base cost. That's the first cost, whereas for straight couples, that's free, sperm is free.

Then, on top of that, let's say that we can't get pregnant without IVF, then we have to do IVF, and each round of IVF is thousands of dollars. What if it doesn't take the first time, and it likely won't? So, already, we're looking at a huge cost. You're starting in the deficit and that scares me, and that's why I know that I need to change, and that's why, like in terms of getting interested in money in some kind of a way to be able to plan for this stuff because right now, it's just kind of looking a little bit bleak.

Ramit Sethi: It sounds expensive, I don't want to minimize it, but the rest of your lives that you both described, it's a beautiful life. You're traveling, you have children, you're seeing family, you're going—that's arguably more expensive than having those children in the first place.

Nicole: True. I guess it's the cost coupled together because I want to be able to afford to have this rich life, but the thought of the down payment on this life, which is starting those lives, getting the sperm, getting the treatments, having the baby like that is nerve-wracking.

Ramit Sethi: Yeah. So, if someone were listening to this and if they were very mathematically oriented, they would say, well, Nicole, I don't get it, you have said that you're not interested in money, and you've articulated this vision of what you want, you even know that it's expensive to have children, so why don't you just start handling your money? That's what they would say. I would not say that. What I want to know is, what is stopping you from engaging with your money?

Nicole: I don't know. I genuinely don't know what my block is. Maybe it's not being able to focus, because I'm not interested in it, but I know that it's crucial. Maybe it's like an initial—maybe it's a subconscious kind of fear from actually growing up and starting that like that could be it.

Ramit Sethi: Nicole has given me a little bit of the Innocent Doe routine, what, me, little old me, I have no idea why I can't engage with my money. Most people use this technique because it works. How can you argue with someone who says, I'm just not interested? But I'm not going to let her off that easily. There's a puzzle here because Nicole has these vivid visions of a dog, Bailey, having a family, and traveling, but the fact is she can't do any of those things unless she engages with her money. This is one of the reasons I started I Will Teach You To Be Rich because I'm fascinated with the difference between what we claim we want and what we do, so I started probing with Nicole.

Nicole: So, both of my parents are blue-collar workers. My dad's a truck driver and my mom is a postal worker. So, I grew up with a lot of anxiety around money. It always made me nervous, because my parents had credit card debt, so I never got a credit card.

Ramit Sethi: Like how much?

Nicole: It's like one of those things whenever you're a kid, you just don't know, but it's enough that I could, as a child, feel the stress, feel the worry surrounding it, right?

Ramit Sethi: Do you remember phrases that you overheard them talking about with money growing up?

Nicole: Struggle. Mortgage. Second mortgage, like those things.

Ramit Sethi: Really?

Nicole: Yeah. It's things that you're not sure of the specifics, but you know that something happened, right?

Ramit Sethi: Yeah. Was money ever a source of positivity for you growing up?

Nicole: Not really. I mean, I got my allowance, so maybe that was positive, that I'd get to go buy a shirt or something with my allowance.

Ramit Sethi: How much did you get?

Nicole: I got like \$10 a week.

Ramit Sethi: And what would you do with it?

Nicole: I would go to the movies with my friends, like do small—I've always spent my money on social activities, of getting out in the world and doing something. I never saved it. I was like, I earned it, I spend it. So, that was kind of my—I guess, and it shaped my adulthood now that I'm thinking about it because I earn it, I spend it.

Ramit Sethi: Did you ever make that connection before?

Nicole: I didn't know. I've tried not to overanalyze some of these things because it does make you a little bit nervous.

Ramit Sethi: No need to be nervous. I mean, this is your own experience, you're just trying to understand why you do the things you do. You mentioned at the beginning today of our call, that sometimes, you feel bad, and I hate hearing that. I don't want you to feel bad about money. I don't want you to have to avoid it. You have memories that you don't even quite remember from childhood like stress and a second mortgage, doesn't even make sense, but you know it's bad.

And so, until you can confront those things, and say, whoa, now that I think about it, I got my allowance, I spent it. Well, now that I'm an adult, I get my money, I spend it, and you make those connections. Until you can do that, it's so all-encompassing, so confusing, and so negative, you just go, I don't want to feel this way, I'm walking out of here, and I'd rather just go and play with a dog, or my friends, or whoever, just not feel this way.

Nicole: Completely. I think that you just read me like a book, honestly, because that's exactly how it feels. I think that you're spot on that that's exactly where my discomfort with talking about money comes from. It gives me anxiety, it gives me frustration, and it gives me fear.

Ramit Sethi: Yeah. And no chart is going to change that.

Nicole: No matter how pretty the color is.

Ramit Sethi: But here's the thing though, there is a day where I can see you, Nicole, totally engaging with a chart. There is a day when I can see you saying, you know what, Alex, thank you for helping me create a debt payoff plan, but I got this from now on. I want to start owning this. I might need your help, I'd love it

if we could talk once a month and I can just check in with you, but I want to take this on for myself. Do you believe that there's a future where you might say something like that?

Nicole: It's a possibility, but I think a lot of things have to change within myself before I can get there.

Ramit Sethi: Tell me, what might they be?

Nicole: I don't know. I guess like a willingness to confront my fears, or I don't know, I guess like my habits and a willingness to plan out my future. I'm such a person that I want to live every day for that day and not think about tomorrow. I don't know if it's just like something where I don't really want to grow up and commit to being an adult, or like if it's—I mean, who knows what the real issue there is, but I also feel such a comfort. This sounds ridiculous, but I feel such a comfort whenever she says, I've got this, it's fine. Who wouldn't feel comforted by that?

Ramit Sethi: What does that comfort feel like to you? What does it remind you of?

Nicole: I don't know. I guess it reminds me of an authority figure, I guess. I don't know, I don't want to make it weird, but almost like my parents, we've got this, you can walk away, and you can spend that 10-dollar allowance that you have, and we've got everything else. That's what it feels like to me.

Ramit Sethi: Alex, does that resonate with you, that she feels that way?

Alex: Yeah, 100%. In a way, I am glad that I can provide sort of like source of non-anxiety because she knows that I've got it, but I kind of like would love to also relax a little bit and remove that anxiety from my plate as well, because then I feel like I'm always, always thinking, because I know that that's how she wants to live her life. That's how I would want to live my life, too, honestly, I wouldn't want to worry about anything, but I wish we could swap every once in a while, but right now, that's just not possible. I'm the doer, I'm the fixer. I'm the thinker, the planner.

Ramit Sethi: And what is Nicole?

Alex: Nicole is the, I don't know. Like I think it's just also the set of skills that we have.

Ramit Sethi: Uh-uh. It's not that. Nicole, what are you in the relationship if she's the fixer, and the planner, and the doer, and the thinker?

Nicole: Gosh, it makes me feel like I'm the problem, at least that's the way it makes me feel like I'm the one that's bringing in the problems and she's the one that's cleaning up after the mess.

Alex: Well, I don't think you're the problem though.

Nicole: I would hope I'm not the problem, but I don't know. I guess it makes me feel like I don't know what I would be, I don't know what my place, I guess, in that relationship is.

Ramit Sethi: What would you want to be described as?

Nicole: I would want to be described as an equal partner, somebody who can alleviate her stress as well.

Ramit Sethi: Love it. Both of you use the word, partner, I love that.

Nicole: Yeah.

Ramit Sethi: That's how I think about my wife and me. She's better at certain things. I'm better at certain things. That's okay. We can support each other. There are certain things she does only around the house, and then there are certain things that we both do, and there are certain things that I do. Partnerships can work however you define it. But right now, it seems that it's out of whack. And if you want to be partners, then money's one of those core things. It's kind of like childcare. You can't just have one person being the parent. It's so all-encompassing that both parents have to parent in some way.

Alex: Yeah, sure.

Ramit Sethi: Money is the same. What do you think about that, Nicole?

Nicole: I mean, I completely agree and I've really kind of—I just feel guilty for dropping the ball and like creating the situation where I'm not, I guess, even trusted to handle my own money like that makes me feel bad.

Ramit Sethi: Okay. I hear you on that, and I'm sure that you're going to think about that, and you'll talk to Alex about that. While we are together, can we put a pin in that for you to think more about, and can we flip that to be a positive perspective? Because feeling bad, if you just indulge in that and you start spinning around it, is it going to move you closer to your rich life?

Nicole: No, it's going to give me more anxiety.

Ramit Sethi: Exactly. It's this terrible cycle. It's just terrible. And so, I'm not saying that you should stop feeling that way. I honor your feelings, you've got to honor them, too. You've got to work through them in whatever format you choose, therapist, friend, partner, whatever, but for the time that we're together, let's flip it to see if we can help you get closer to your rich life. So, you want to be a partner in this relationship. Both of you want to be partners in this relationship. Nicole, paint the picture for me. What would that look like, as it relates to money?

Nicole: I guess I would be handling half of the financial decision. So, I feel like it means that my opinions and my ideas on what our next steps in life are taken seriously are respected almost and not just shot down immediately. I think that it would also be me stepping up, taking more of the reigns, and taking ownership of the debt that I brought into this relationship and the ways that we can grow our wealth to hit our rich life in the future.

Ramit Sethi: That sounds pretty good. I liked that you insisted on two things. That was cool. First, you said, "I want to be taken seriously". I think implying, if I can read between the lines, that currently, when you bring up certain things, maybe you're not seen in an equal light in terms of what you want to do financially, et cetera. Second, and I especially love this one, you said, "I need to step up", right? I can have higher expectations for my partner, but to have those expectations, I need to also step up. This is a turning point. Remember at the beginning of this episode when I said that whenever you hear a couple where one partner is unengaged with money, the usual advice is to berate that person, shake them, and tell them, this is important, you need to pay attention to it, hey, just look at this compound interest chart, and I told you, that's not my philosophy, that I take a different approach. Well, here we are just a few minutes later with Nicole, herself, admitting that she needs to step up, and that she expects to be taken seriously, and that she wants to put more skin in the game and take responsibility for her finances. How do you think that happened? It's all right here, right in front of you in this episode. Think about it and think about how you can apply that to your rich life.

Alex: Just finances, and all of it, it's become such a big central part of like my life, our lives, and our relationship that it's almost kind of like that's, in a way, 80% of what we are, right?

Ramit Sethi: You're the financial person, and she's the, what, dog lover?

Alex: I don't know. I guess she's the YOLO person.

Ramit Sethi: Okay. Nicole, would you agree with that?

Nicole: Yeah, I would.

Ramit Sethi: Okay. What an interesting dynamic, very common, by the way. Very common, one partner is sort of the, we got to sit down, and like read the books, and like do the spreadsheet, and they're always the ones who contact me. And then, the other partner is like, ah, God, whatever, if this thing is going to make it stop, fine, I'll get on this podcast. It's totally common. And I kind of love it because I've seen the pattern before, but typically, I find that the YOLO person, deep down, likes nice stuff. Fine. I have no problem with that.

You want to buy nice stuff, you want to have children, you want to live in a nice house or travel. Awesome. I'd love to talk about that. I typically find that there are just a few small tweaks we can make so that the YOLO person can still live a really good life, but they start to understand how their decisions connect with their bigger richer life. And they often discover that some of the stuff they've been spending money on is almost like a sugar high. It's stuff that they don't even remember a week later. Okay. And then, similarly, Alex, a lot of times, people feel like they're put in the corner, they have to be the money enforcer. Does that sound familiar to you?

Alex: Yes, but I feel like our dynamic is slightly different, because I want to be the YOLO person, and I, by myself, used to be as much the YOLO person, but now in this dynamic, I've become 100% the finance person, and I don't get to enjoy my YOLO self as much.

Ramit Sethi: Whoa.

Nicole: And I saw it whenever we were dating, down for whatever, Alex was always down to like to go on a quick trip, or just to blow money at the mall, or whatever, like we would do whatever. Now, she's become so much more uptight, and I just feel like the concern of money, it might be rich coming from me, but the concern of money is always on her mind. It brings her down, and I hate to see that.

Ramit Sethi: Alex, what is this? Where did this come from?

Alex: Like we're getting married, so we're combining finances, more so that like we have to be serious.

Ramit Sethi: So, theoretically, Alex, you used to be YOLO, shouldn't it be like, oh, sweet, I just basically doubled my income now that I'm partnered with Nicole, isn't that like, shouldn't it be awesome? Right?

Alex: Yes. And that's when everything then kind of started with the student loans, because yes, we did double the income, but for me that has zero debt, we also added a hundred-plus thousand dollars of debt, so did we double the income?

Ramit Sethi: Okay. And what is your conclusion? What is your answer to that question?

Alex: I think more than doubling the income, we doubled the power that we have to tackle the debt because we're contributing 50-50, because I was like, if you have debt in a way, and we're becoming a family, we're trying to create a family, as long as you have debt, I have debt, even though, legally, it's not mine, right? But it's like it's part of if she has debt and she can't do certain things, I also can't do certain things, so I'm 100% down to contribute 50-50.

Ramit Sethi: Mm-hmm. Okay. Go ahead.

Nicole: That was her idea by the way. So, I never asked her to pay my debt or to feel like she needed to take on this huge responsibility. Like for me, student debt, and like going into college, I knew that I was going to come out with student debt. I think that it's very normal for people, I don't know, I guess like Americans at large, but especially people from my area to come out with debt, so I knew that I was going to come out with debt, so it's just something where I was like, just going to live with that, and it was shocking-

Ramit Sethi: Nicole, being a partner in this relationship, what do you think a partner would say when it comes to their student loan debt that they're bringing into the relationship?

Nicole: And what I tried to say, it's my debt, like I don't want you to feel pressured to pay for it. Like I understand that we're getting married and we're embarking on this joint life together. That's what I want, but I also know that I have to pay that and I hate that she's taken it on. Like it makes me feel guilty and it makes me feel-

Ramit Sethi: Okay. Let me pause right there. You're about to spin into all the negative things. You're hearing a couple of things. First, I'm not especially in love with this idea of 50-50 payments for Nicole's debt, but I'll get to that later. I've learned that sequencing is half the battle in these conversations, like knowing when to bring certain things up. Second, notice how Nicole was about to spin into her negative script about money. That's where she lives. It's comfortable for her. And if you're having these discussions about money, you have to find a way to avoid these weeds. One way is to create a funny word, like Negative Nancy, and then use it almost as a half-joke, uh-oh, it seems like Negative Nancy is starting to come out, can we take a quick break? Hell, you can use my name if you want to. Oh, wow, Ramit says we have to stay out of the weeds and I get the feeling we're about to head there, can we pause and focus on the positive for just a minute? With Nicole, I gently encouraged her to refocus on the positive.
Just listen in.

Nicole: Alex, thank you so much, genuinely, for everything that you do, not just for me or for us, and for the future that we're paving together, because I would be lost without your help. I would like to accept your help graciously, and truly, and I would like to get real and serious about this and get serious about the debt that I brought into our relationship and the debt that I brought into your life. And I appreciate you taking on my debt as yours like it's never something that I asked or expected from you, but it's something that I'm truly grateful that you did and that you're continuing to do.

Ramit Sethi: What a difference when she focuses on the positive. In retrospect, Nicole's focusing on all the negative aspects of money is selfish, even though she probably didn't intend that. When you jump into automatic negative scripts, you're focused on yourself, your insecurities, your worries, and your fears, but a relationship isn't just about your issues, it's about working together towards a rich life. I just love what a different perspective this is. It's positive. It's significant. It's meaningful. We can build on this, and now, I want to get to the idea that a partnership with them means 50-50.

Nicole, what has the effect been of Alex offering to pay 50% of your student loans? What do you think they are?

Nicole: Probably just to start on a positive. It's that we've beat my debt down a lot faster than I would have alone, which is phenomenal, but I do think that it's taken an emotional toll on us, where it's set up almost like a dynamic where she feels like she needs to take care of it, where she feels like she needs to step up and overachieve.

Ramit Sethi: Yeah. And what do you feel, Nicole?

Nicole: It makes me feel insecure.

Ramit Sethi: Because?

Nicole: Because it makes me feel like I can't do it on my own.

Ramit Sethi: Yeah. So, you're disempowered. Alex, you're like, what happened to my YOLO life? I used to be able to just go anywhere. And the two of you have this weird dynamic where it's almost an authority figure, but not really, you can't quite label what Nicole is in this relationship, and yes, you are paying the debt off very quickly, which is awesome. Okay. My point is not that you should stop paying everything towards Nicole's debt. That's not my point. What is my point, Alex?

Alex: That I should create a dynamic where it's not—like it doesn't have to fall 50-50.

Ramit Sethi: Correct.

Alex: It can be different and achieve the same result by just splitting differently.

Ramit Sethi: Yeah. And to put it bluntly, what would it mean if it took an extra six months to pay this debt off, but the dynamic between you was true partners?

Alex: It will feel worth it to me.

Ramit Sethi: For the rest of your lives, it will be awesome. Awesome. And yet, right now, we've got Alex taking on this burden without even really communicating, without getting the appreciation that you deserve. And then, Nicole, what was your part in this, when she said, "I'll pay off your debt 50%", you accepted it, but let me ask you this, a partner—put it this way, if I had a business partner, and I walked in, and we're going to start a business, oh, and by the way, I make \$10,000 more than my business partner, and I brought in some debt, what would I do to be a good partner in that relationship?

Nicole: Step up and pay more.

Ramit Sethi: Bingo. Bingo. I love that you said that. How do you feel saying that?

Nicole: I feel good.

Ramit Sethi: Fuck yeah.

Nicole: I feel great. I feel empowered.

Ramit Sethi: Exactly, because you're admitting, this is what a good partner does.

Nicole: Yeah.

Ramit Sethi: So, you can still accept the help of Alex. Alex, if you want to contribute to this debt, okay, that's up to you two, but a true partner, Nicole, says, you know what, Alex, I appreciate that you've got me on a path to pay this off, I didn't even realize. Truthfully, I had my head in the sand paying the minimum, you've set me up, but I now realize to be a partner, I need to step up, so this is what I want to do. Number one, I would love it if we could set up a time on Sunday morning, let's go walk, and get some coffee, we'll both feel good, and I would love it if you could show me that website, how do I log in? How do I set this up? One would be great for me, and then I'll take it from there. And the second thing is I want

to pay way more. This is my debt. I believe that I should pay, I don't know the number. It could be 60%. Do you have a number in mind, Nicole? You look like you're ready to blurt it out.

Nicole: I mean, I would love to pay around 70, 75%, like I'd love to pay as much as I can. And I already pay, like every spare dollar that I have, it either goes to our wedding fund, our savings, or my debt, so maybe a reallocation of those three or something like that, where I can take on this burden more so than Alex does.

Ramit Sethi: Beautiful. Beautiful. So, you step up and you might have a conversation about that. And Alex, you might say, you know what, I appreciate that. That sounds great. Maybe we can reevaluate after six months. You can always change the rules later, but to be able to have your partner step up, and say, you know what, you did so much for me, now, it's my turn to take this on. And, Nicole, by the way, here's a little secret code, what did Alex say she wants to do more of, what she used to do all the time?

Nicole: Live that YOLO life.

Ramit Sethi: Live that YOLO life. And so, when you tell her, hey, I'd like to take on 70%, I still appreciate you contributing 30%, means the world to me, but instead of you contributing, I don't know, 500 bucks a month, why don't you take that and just contribute 200? Take the 300 back for yourself, and then tell her what she might be able to do with that money. What would you say to her?

Nicole: I would say, take that 200, 300 bucks and plan a trip with your friends, or go out, go out somewhere, go to a nice dinner, live your best life, go get some more clothes, like do it.

Ramit Sethi: You earned it.

Nicole: Yeah.

Ramit Sethi: Yeah, do it. And, Alex, then it's up to you to decide, how do you want to spend that. Right? And if you want to go out to a great dinner, do it, you want to put some towards your wedding fund, also do it, but suddenly, there's a bit more of an equality in this relationship, which I love, and it feels good to everybody.

Alex: Yeah, that's exciting.

Nicole: Completely.

Ramit Sethi: Ah, I'm happy so far. How are you both feeling right now?

Nicole: Feeling a lot better.

Alex: Good.

Ramit Sethi: Okay. I think we're at the point where we've already had a pretty cool breakthrough, actually, two breakthroughs. One about growing up with your parents, and two about, what does a partner do? Let's come back to the dog for just a second. Do you remember how, in the beginning, I said, okay, Bailey sounds nice, let's put a pin in Bailey, we're coming back to Bailey. Nicole, do you see how Bailey fits into the overall vision of your rich life?

Nicole: I do. I see that she's not something that I can just have right now, but something that I need to show Alex that I can be responsible for Bailey, money, and all the ways, right? In life and finances, and

knowing what our situation is fully enough to be able to say, yeah, we can afford a dog and this is why, or that sounds—it gives me more confidence in being able to back that big decision up.

Ramit Sethi: It's beautiful.

Alex: I feel like she's going to come back to me with a chart about the dog when she's finally figured out all the parts of it.

Nicole: Wouldn't you be proud?

Ramit Sethi: That would be the ultimate flex, Nicole comes in with the most complex chart of all. She's like, don't even bother trying to use these pivot tables, there's no human chance for you to understand what's going on in this model that I created, but just enjoy the beauty of it, and now, we're going to get Bailey. That would be an amazing moment. Nicole, I think you read this situation exactly right. The dog is not just a dog. It represents so much more. It represents your ability to step up as a partner, your ability to plan, all of that. If and when you demonstrate that, I think you're going to have an awesome discussion between the two of you. Maybe you decided to get a dog, maybe not, that's up to you two, but at least you're at the partner level discussing these big decisions.

Nicole: It feels exciting that I could do that in the future because it's something that I never really envisioned for my—in my grand scheme of life, I never thought you could manage money. I don't know why, but it feels like I left at a roadblock and it's great.

Ramit Sethi: I believe it. Are there any questions that I can answer for either of you?

Nicole: Gosh.

Alex: I have more of, I guess, a specific question.

Ramit Sethi: Sure.

Alex: For work, I get bonuses and this kind of stuff, and how would you allocate that bonus that you're getting? What would you suggest?

Ramit Sethi: This is a great question. So, I would like for the two of you to talk about this, because this is a great question for two partners to discuss, and I'll offer my thoughts at the end, but let me listen in.

Nicole: So, your bonus is about \$17,000. I think that we don't have to put it all in one place, and I mean, we found out about this today. So, Alex's overall thought was, let's put it directly into the 401(k). I don't know. I mean, it sounds like that's a great investment opportunity and it's not money that we would've had before, right, Alex? Like it came in, so you might as well put it there, but I don't know, I feel like I'm not sold on the plan that we had before.

Ramit Sethi: Do you know what a 401(k) does?

Nicole: It takes your money before you're taxed, and then you save it, and then whenever you're retiring, you take it out and you pay tax on that later.

Ramit Sethi: And like what's the point of all that?

Nicole: To retire.

Ramit Sethi: So, the money like grows a lot, so you put 17K, and then when you retire, you pull it out and like how much is it, as a guess?

Nicole: Oh, my gosh. I have no idea. I would say—wow, I don't know. This is going to make me sound dumb, but I'm going to say like \$100,000. I don't know.

Ramit Sethi: Okay. That's fine.

Nicole: Is that wrong?

Ramit Sethi: But if you want to know, that \$17,000 would turn into about \$181,000.

Nicole: Oh, my God, that's so much. So, maybe we should let's put it in the 401(k).

Ramit Sethi: So, here's my question. Nicole, I feel like you answered that question as the old Nicole.

Nicole: I did.

Ramit Sethi: The old Nicole, what would the old Nicole have done?

Nicole: I would have asked Alex, what do you want to do with it, and let her do with it what she wanted.

Ramit Sethi: Okay. That's true. That's true. That's the old, old Nicole, the old of like an hour ago Nicole would have said what you just said was just like, well, I don't know, I'm not sold on the 401(k), but what did I say about, how do you become confident with money?

Nicole: You become competent with money.

Ramit Sethi: Exactly. And so, one of the ways to know you're competent with money is to be able to say, okay, well, if we took that \$17,000, let's break out all of our options, first question if you put it in a 401(k), how much is that going to turn into? You have to know the basic numbers, otherwise, how can you make a decision?

Nicole: Yeah.

Ramit Sethi: And I think that is what Alex is looking for in a partner. Do you want to get a dog? Okay. But tell me everything, show me the plan, and let's discuss about it. And any partner, if they come up with an idea proposal, they got to be able to back it up, just as we would do at work. So, 17,000 bucks, over about 35 years, conservatively turns into about \$181,000. That's pretty cool.

Nicole: It's way more than what I would have imagined. And I think what's cool about it, too, is this isn't money that either of us was expecting. This is money that—you worked hard for it, but this is money that fell into our lap. That's lovely, so it's lovely to contribute that for later.

Ramit Sethi: Yeah. So, now, you start to have this conversation, where you go, wow, okay, so that's option one, that's a great option, oh, my God, high-five, like we didn't even expect this, but that's an amazing option. Okay. Let's play out option two. YOLO, let's just go out and take an amazing trip. Yeah, we could do that. Maybe we can find some middle ground. If it were me, I have my own rule of thumb. When I get unexpected money, I take 50% of it, I invest it, I take 50% of it and I spend it. Okay. That's my rule, though. I wouldn't recommend that rule for you, because you're in a different financial situation. I might do something like, what do you think? Which direction do you think my rule would change for you?

Alex: You wouldn't like to invest the majority of it, but still keep some for the reward and the enjoyment.

Ramit Sethi: That's exactly right. Pick the number. What number do you think would make sense for you?

Alex: I would put everything in the 401(k), and if I need to spend a thousand, I'll just grab it from the money that, it's already sitting in my account.

Ramit Sethi: Okay. That's cool if it was just you, but now, you're in a partnership. So, what do you think that an answer might be that would honor what both of you want with your money?

Alex: To just take some of it and plan a trip.

Ramit Sethi: What percent? What percent should you invest and what percent should you YOLO?

Alex: I would probably invest like 80% of it, and then 20%, do something with it now.

Ramit Sethi: Okay. Have the discussion now. Now, you two are getting specific. I love it when the two of you get specific because then you can talk about real details. Otherwise, it's just like, this is what I think, and it's up in the sky. It's too crazy when you're up there. It's dangerous because people start talking about, this is what I feel, and feelings are good, but I don't want you talking about this stuff for three hours. Okay. You've come up with a proposal, Alex. I think 80% in our 401(k), which will turn into like a lot of money, six figures, and I think we should take \$3,400, and what? What are you going to do with that money?

Alex: I would put it towards our honeymoon.

Ramit Sethi: Great. Okay. Ask her, ask Nicole what she thinks.

Alex: Would you want to do that, have that extra \$3,400 for the honeymoon? Do you think that would be a good way to use that money or would you want to do something sooner than that with it?

Nicole: I like the idea of using it towards the honeymoon because we both want this to be like a blowout trip, a trip that we could never go on in our lives again, like as far as we can see right now, so I love that idea. I almost would want to do like, I don't know, like 75%, around that same, but like 3,400, like why not 4,500? I don't know. I don't know. I have a hard time conceptualizing percentages I feel like on some. So, for me, it feels like let's figure out how much money we need to make our dream honeymoon a reality and see how much we need to put down for that, right?

Alex: Well, it just depends on like, you have to feel—like I think if you go about it in that way, then you're going to end up wanting to put all of it in the honeymoon, because the more you can dream, right?

Nicole: Yeah, I guess. I mean, like dream with limits, obviously, like not like just out of the moon, but I also-

Ramit Sethi: So, this is the work that the two of you have to do. So, this is a great example where the two of you go, okay, cool, well, first of all, let's pour a glass of wine and talk about this because we have \$17,000 to decide what to do with. This is awesome. This is a great discussion. It's not stressful. It's fun. So, mentally getting in that place, not talking about this at night when everyone's tired, but like, oh, this is a good time, we got some music on, let's talk about this stuff. This is great.

Second, Nicole, you said, I don't know how to think in terms of percentages or I find it difficult. Cool. I bet Alex could work with you, and say, well, let's talk about it, here's how the numbers break down, what do you think makes sense? I don't know, that seems a little, if we do that, then we're costing ourselves \$50,000 at retirement, so what if we do something else? That's how you have that discussion.

Nicole: That's amazing. I didn't even think about what it would cost us in the future. That's like an element that I didn't even bring into it, like that opportunity cost in that future.

Ramit Sethi: Alex, did you catch that? You were thinking opportunity costs, right, right off the bat? That's not how she thinks about money, yet.

Alex: Yes.

Nicole: Yes.

Ramit Sethi: But she will, and both of you will. And suddenly, now, you're going to be speaking the same language, oh, it's so good. Okay. So, money can be joyful. In this case, you have a perfect opportunity to talk about money joyfully, because you have 17,000 bucks to decide what to do with. Ah, that's amazing.

Nicole: Yeah.

Ramit Sethi: Let me leave you with just a few last parting words, and it's something that you just said, Nicole, it perked my ears up. You said, we want to go on a honeymoon that's like once in a lifetime like we could never go on that again, and I want to share something with you. So, we went on an amazing honeymoon. It was long, and it was in different countries, and we saw all kinds of stuff, and we had also described it as once in a lifetime.

And on the last night, my wife, when we met and we started talking about money, she had more of a sense of scarcity than I did, I was like, we can just make more money, compound interest, it's so cool, tax-advantaged accounts, and she was not thinking like that. We spent a lot of time working together. She took money seriously. She got her outside training. She worked on her money psychology. She worked on her earnings. We are total partners. It's awesome.

And on the last day, we were in Thailand, we were looking out at this sunset, it was like out of a movie, and she goes, normally, at the end of a trip like this, I would be sad because I know we could never come back, but now, I know if we ever want to come back, we can. What a moment for my partner, my wife, we're just at the same level, we're total partners. And every year after that, except for COVID, we have done a similar trip, mind-blowing, crazy. We did it together, because we had to plan all year how to do it, how to earn enough, all that stuff, but we did it. So, I love that little verbal slip-up you had, which was like, once in a lifetime, maybe it is or maybe it's something that the two of you who both love traveling can do frequently. Wouldn't that be special?

Nicole: A dream.

Alex: Yes.

Ramit Sethi: Alright. That's what money can do for you. I wish you both the best. It is such a pleasure to talk to both of you.

Nicole: It was lovely to talk to you. Thank you so much for changing my mind about money.

Ramit Sethi: The thing I love most about today's episode is the transformation. Nicole came in here openly not caring about money, even though Alex wanted her to. It would have been very tempting to sit here and lecture her about, you really should do this, retirement, tax advantages, and compound interest. Trust me, if a compound interest chart was going to change anybody's life, it already would have. Instead, there was a way of meeting her where she was. Nicole has a vision of her rich life.

Bailey fits in there, traveling to Europe fits in there, but I don't think she'd ever had the chance to talk about it, to connect money to that vision of a rich life. When she did, she quickly started to realize that she

does need to be more engaged with money and that it can't always be Alex taking the lead. I appreciate them, especially Nicole for coming on and being so open about that. I also appreciate them for sharing some of the things that a lot of people don't think about when it comes to expenses. LGBTQ relationships have expenses that straight couples don't have. And I also want to thank my coworker, Sydney, again for flagging that. Money is politics and money is political, and you'll continue to hear about that on this show. It's interesting, that Nicole was able to change her mind about money. There was no magical chart, no magical spreadsheet I gave her that did it. It was her changing her psychology, and you could hear it in this episode.

Podcast Episode 40: We're worth \$5 million, but my wife nearly canceled our trip to save \$200

Synopsis: By now, you know: living a Rich Life is more about mindset than money.

Look at today's couple, Jack and Rachel. Following the principles described in *I Will Teach You to Be Rich*, they've managed to turn a \$150k income into over \$5 million in savings!

Despite that, Rachel finds it difficult to actually spend the money—she doesn't truly believe it's there. She thinks that, with one wrong move, it could all be gone. This is the complicated nature of money psychology at work.

They've built up the skill of saving but completely neglected the skill of spending. I'm going to see if I can help them connect the money they make to the Rich Life they want—and are able—to live, by getting Rachel to unpack the invisible scripts holding her back.

Podcast Transcript:

Ramit Sethi: Welcome to I Will Teach You to Be Rich. I'm Ramit Sethi. I love today's couple. Rachel and Jack are in their mid-50s and their household income is about \$150,000. But by following the same principles I describe in *I Will Teach You To Be Rich*, they have accumulated over \$5 million, which is amazing. There's just one problem. Rachel doesn't believe that she has the money. She can't bring herself to spend it. And she's got all kinds of invisible scripts around money like rich people are assholes. She has done what so many of us do. She saved and saved, but she never actually built the skills of spending.

In today's episode, you'll hear the torment in her voice as she describes how she wants to change, but it's so hard. Let's start by listening in to a recent trip that Jack was going to take to New York. He invited Rachel to come along, but when Rachel found out how much the hotel would cost, she almost canceled the trip. Here's what happened.

Jack: We've been wanting Rachel to take advantage of being able to join me on these trips and this was a perfect opportunity. We hadn't been to New York in a long time. I wanted to go. I didn't care what it cost. She was all for it. She's been wanting to go to New York as well. But then, it just got into this whole planning thing, mostly around finding the best airfares, finding the cheapest hotel, not cheap hotels, but low hotel rates.

While I agree to a certain extent on some of those things, when I see something that I'm okay with, I'm like, let's just do it, but it seems like Rachel is never satisfied until she's exhausted all pricing options so that always becomes a point of frustration. The associate I was traveling with suggested a hotel that was half a mile from where the meetings were going to be.

Ramit Sethi: Which hotel? How much was it?

Jack: The Moxy in East Village. The Saturday night was expensive, but the Sunday night, Monday night was not expensive at all, so rough and tumble, I think the average cost per night was 200, 208.

Ramit Sethi: Okay. How do you feel about that for Manhattan?

Jack: Oh, my God, that, to me, I was shocked that the prices were that low.

Ramit Sethi: They got a nice lobby in that Moxy Hotel. It's pretty cool. So, you presented her the Moxy, which is a modestly priced hotel for New York, and now, I want to hear from Rachel. So, Rachel, Jack comes to you, he says, "Hey, let's take this work trip, here's the hotel I have in mind", how did you respond to that?

Rachel: Panic. When he showed me the rate for the Saturday night, it was 397, I was like, forget it, it's not worth going, I can't do it. And then, I kept saying, well, if we average in the next couple of nights, it's fine, it all comes down to this amount, and work is paying for one of the nights, but it was at 397 in my head that I couldn't do, so I ended up booking something else and we had to change rooms halfway through the trip, hotels.

Ramit Sethi: Wait. Hold on. Where did you end up booking?

Rachel: Marriott Town Suites, Town Place Suites, or something in Chelsea. It wasn't terrible.

Ramit Sethi: Oh, I know that hotel.

Rachel: It wasn't terrible.

Ramit Sethi: It's not the Moxy.

Rachel: No.

Jack: It's not.

Ramit Sethi: I'm curious, Rachel, you've got to walk me through this process, because I love hearing this. So, he showed you this hotel, did you care about the neighborhood or the hotel itself, or was it the rate that you cared about?

Rachel: It was the rate, 100%.

Jack: Okay. Straight to it.

Rachel: 100%.

Ramit Sethi: And it was one night's rate, Saturday night, that got you, then what did you do? Did you open up a website and start looking?

Jack: Oh, a thousand browsers, like all I could do was search for something that would be better, and then, Sunday, we moved to the Moxy.

Ramit Sethi: Hmm. It sounds like a pleasant trip, picking up your suitcases and moving across town to save, how much did you end up saving?

Rachel: Probably \$200, maybe. I know.

Ramit Sethi: Rachel, what is your net worth?

Rachel: Over 5 million.

Ramit Sethi: Can you say that a little louder for us?

Rachel: No.

Ramit Sethi: Say it. It's okay. It's your money.

Rachel: Over 5 million.

Ramit Sethi: Think about this. You have millions of dollars and you cannot bring yourself to spend \$200 on a Saturday night in a Manhattan hotel room. Don't laugh, don't laugh, and don't roll your eyes. If you're listening to this, likely, you will probably be in this situation someday. Most of us know how to save, but we've never built the skills of spending money, and you can see right in this example what happens when that is taken to absurd heights.

Now, early on in your career, when you have very little money, saving \$200 at a hotel can make a lot of sense. I used to visit New York and I would sleep on my friend's couch in Hell's Kitchen when I went. It was awesome. But now, I don't need to save \$200 and I don't want to sleep on a couch. This is where it's tricky to recalibrate your spending, and many of us are frozen in time with our expectations around spending from our early 20s. If any of you have a cheap dad who still tips 10%, you know exactly what I'm talking about, it's not 1986 anymore, or in Rachel's case, I don't think she's cheap.

I think she just has a mental bucket for what a hotel should cost and she's internalized saving money as part of her identity. By the way, I'm also frozen in time, not with my money, but with my music. I stopped listening to new music around the year 2000, and now, all my Pandora stations end up playing the same songs, Whitney Houston, Dru Hill, 112, and New Edition. Rachel claims she needs help. In my experience, people who claim they need help spending money are rarely serious about changing. That's because deep down, they don't believe they have a problem. We'll see.

Rachel, looking back, what do you think?

Rachel: That's why we're talking to you, I need to get over it.

Ramit Sethi: Is that true? Do you?

Rachel: Yeah, I do. Oh, absolutely. I fully understand that I am way too uptight about this stuff. In the end, we had a fabulous time and I'm glad I went. And probably, in retrospect, it almost got to the point where I said, forget it, it's not worth going, you go on the business trip, I'll stay home, it doesn't matter. I feel like since I've stopped working, between that and COVID, it's been a lot of home time, and all of a sudden, now, the idea of spending money is suddenly scarier than it used to be.

Ramit Sethi: That's so interesting, because most people, if they hadn't spent money in two years, and then they had the chance to go to New York, they would jump at it, but you were saying you almost called the whole thing off because of one night's rate at a hotel.

Rachel: Yeah.

Ramit Sethi: Why is that?

Rachel: I'm not comfortable spending.

Ramit Sethi: Yeah. When you were out in New York, did you all eat out at different places?

Rachel: Yeah.

Ramit Sethi: Was it good?

Rachel: Yeah.

Jack: It was fabulous.

Ramit Sethi: Where did you guys eat?

Rachel: A couple of new restaurants.

Jack: Sweetbriar.

Rachel: Yeah.

Jack: Sweetbriar, Saturday.

Rachel: Freemans, we went to the famous deli, Barney Greengrass, after a run in Central Park. We had a great time.

Ramit Sethi: Cool. Now, those places you mentioned, at least a couple of them, they're pricey. When you looked at those menus and you saw a 16-dollar bagel, which is very common, what did you do?

Rachel: Because the trip was sort of an impetus to get my ass in gear with the way I'm thinking, I kind of did my best to let go.

Ramit Sethi: What does that mean?

Rachel: To just say, you know what, we're here to enjoy it, and I feel like we did.

Ramit Sethi: As you say that, and you reflect on almost canceling your trip to New York because of a one or 200-dollar night, what does it make you think?

Rachel: I'm an idiot.

Ramit Sethi: Do you believe that?

Rachel: Sometimes, yeah. Yeah, I mean, I know it's so ridiculous. I know that.

Ramit Sethi: I don't think you're an idiot. I don't. I mean, you can't be an idiot to accumulate \$5 million. I think there's probably some disconnect between what's in your head and what's on paper, versus what you feel.

Rachel: 100%.

Ramit Sethi: I don't think you're an idiot and I don't think it's ridiculous. I think if we can take away those extreme words, then we can start to say, alright, let's just examine this like a scientist, and let's try to figure out what's going on. Okay. I got to know, how did you both make \$5 million? That's very impressive.

Jack: In very, very tiny, tiny little chunks.

Ramit Sethi: You guys did it the I Will Teach You To Be Rich way, it sounds like.

Rachel: Absolutely.

Jack: When we first got married, Rachel decided to go back to school, I was working two jobs, and I had gotten a new career job where I had gotten a sign-on bonus, first thing out of Rachel's mouth was, oh, we're going to pay off your student loan, and my heart sunk, because I wanted to do something fun with it. Of course, it was the right decision at the time, and we paid off my student loans, but that was at the beginning, and we had a little bit left over, and we got involved in no-load mutual funds at that time, and I think we were putting \$25 a month in.

Neither one of us comes from money, both working-class family backgrounds and we just kind of pecked away at it. But what we did do was set it auto, and once we set it auto, we never looked back. I didn't even look at it, Rachel never even looked at it. I guess, yeah, I'm a little shocked that it's now over \$5 million as well. As we got more money coming in from the salaries, we increased what those monthly deposits were. And then, once I had the option of getting into 401(k), we started to load that up to its extent. Yeah, it was much like running a marathon or climbing a mountain and just little by little.

Ramit Sethi: Beautiful. Rachel, what was your experience?

Rachel: I hate having debt, and when you talk about the I Will Teach You To Be Rich way, it's like I initially thought, okay, we have this money here, how can I make the most of it? Then, I read as much as I could, and I realized early on, luckily, that I didn't want to put it with an advisor or somebody with the fees that were going to eat away at it, so we just put it on set it, and forget it, and I'm shocked that it worked out.

Ramit Sethi: Boom. That's what happens when you follow the I Will Teach You To Be Rich system. They started investing \$25 a month. Now, they have millions. If you are listening, hit pause, and go get my book from Amazon, bookshop.org, or Audible. Set up your automatic system and let it ride. Now, Rachel and Jack have done the money part, but they haven't mentally acknowledged their success yet. Do you two embrace that you have become multimillionaires?

Rachel: No.

Jack: Even I am disbelieving when I think of it like that, and I don't know where it places us in the whole scheme of income earners, but when I see things about what families have saved, what they've got put away for retirement, it's like this wash-over-me realization is like, wow, we're in a really good position compared to most people, but yeah, we've never looked at ourselves that way, for sure.

Ramit Sethi: Rachel, does it strike you? Do you acknowledge that you're a multimillionaire?

Rachel: No.

Ramit Sethi: Talk more.

Rachel: This probably sounds terrible, I don't value or I don't like people who brag about having a lot of money, who have a very ostentatious lifestyle, so when I see that number, it freaks me out a little bit.

Jack: Because?

Rachel: I don't want to be that.

Ramit Sethi: Yeah. Can I put it in different words?

Rachel: Yeah.

Ramit Sethi: Tell me if this sounds accurate. Did you grow up not liking "the rich"?

Rachel: Yeah.

Ramit Sethi: And now that you have become rich, what does it mean?

Rachel: I don't want to be an asshole.

Ramit Sethi: Yeah.

In America, we love rich people, and we hate them, too. We idolize the rich. We buy their books about how they grew up on a dirt road, held themselves up through their hard work, and finally made it, oh, the American Dream. We also love to follow the rich on Instagram, where they're sailing to a Greek island on a Wednesday, buying 2,000-dollar wellness supplements, and looking effortlessly beautiful in cashmere. We love the rich, but we also hate them. We think they're selfish, greedy, evil. If people are making money, fine, but when we find out exactly how much, we hate them. Buying a Tesla and posting about it, that's okay. Buy a Ferrari, you're an asshole. Say in an interview that you like organic food, great, super relatable, but if you share how much you spend on those organic eggs and almond butter, suddenly, you're out of touch, people are dying, in this economy, et cetera.

It's this puritanical dichotomy that defines America. Most of us don't even realize we feel this way until it's pointed out to us. Interestingly, there is one group of rich people who we unapologetically love. Do you know who it is? Rich people who act poor. Warren Buffett, oh, wow, you live in a house from 1969. That's so relatable. Let's just ignore the fact that you own a private jet. Bill Gates, wow, you wear Dockers, so relatable. Let's just ignore your 66,000-square-foot house. Or Oprah, well, oh, that's alright, she's Oprah. America's puritanical cultural script is spending money is bad. That's the script. We love this millionaire next door idea of this relatable millionaire wearing jeans, who skips the sushi plate and the tuna tartare, and instead goes directly for the sloppy joes. Fine. True in some cases, but many more millionaires spend

profoundly differently than the average American. They should. They can afford to. These deep, invisible scripts permeate our culture and write the rules of the game that you don't even realize you're playing. Years ago, I decided I wanted to change this. I started sharing more about how I spend my money. I showed you how I hired a personal trainer. I show you some of the hotels I stay in. I also show you that I wrote a \$100,000 check in the 2020 presidential election to help people get free transportation to vote. I want to show you that you can make money and be a good person. I want to show you that it's okay to spend money on the things you love.

And you know what, sometimes, they don't even have to provide you with an ROI. You can simply buy them because you want to. And sometimes, I show you that eating tacos in the back of my car is also my rich life. There's no honor in pretending not to be rich. It does not make you a better person. I think it's selfish. For all the people who post on investment forums saying things like, it's not like we're rich, we're comfortable, we make \$290,000 a year and we have a small portfolio of \$2.3 million, you're fucking rich. First, you're playing small by not acknowledging you're rich. And second, it's incredibly insulting to people who don't have anywhere near what you do. If you are rich, own it. If you're wealthy, acknowledge it. I'm rich, I worked hard, and I had a lot of help and a lot of luck. And I always said, once I make it, I'm bringing everyone with me, and now, I get to do that. Listen now as you hear Rachel explain where her views of money come from.

What was your view of the rich growing up?

Rachel: I wasn't around those kind of people. We're older, my dad grew up in the Depression, so I grew up always hearing, to save what you can and never to have an ostentatious lifestyle. It just wasn't part of our lifestyle.

Ramit Sethi: Where'd you grow up?

Rachel: South side of Chicago. Gritty.

Ramit Sethi: Yeah. And so, your dad, you remember him telling you, save, save, save, what else do you remember?

Rachel: Again, he was a product of the Depression, so I was never spoiled and it was always work for what you have.

Ramit Sethi: It's a good lesson.

Rachel: Yeah.

Ramit Sethi: Did he buy a lot of stuff? Like if he saw something on sale, would he buy it, extra?

Rachel: He wasn't a shopper at all.

Jack: Okay. What did he do with his money?

Rachel: Saved it.

Ramit Sethi: Is he still alive?

Rachel: No.

Ramit Sethi: Okay. What happened with his money in the end?

Rachel: There wasn't a lot there and my mom lived on for almost 20 years after him.

Ramit Sethi: Did your mom do okay financially after your dad passed?

Rachel: Mm-hmm.

Ramit Sethi: Okay. Was that ever a concern?

Rachel: Yeah.

Jack: She always wanted to give us something for birthdays, anniversaries, Christmas. She would give us what we considered large sums of money.

Rachel: \$300 or something, yeah.

Jack: Yeah. And we never cashed one of the checks. And it irked her until the day she died, because it screwed up her checking account, and Rachel was like, no, I mean, she could ultimately need this for long-term care, for whatever. So, anytime she gave us a present like that, it never actually left her account, because we never cashed any of it.

Ramit Sethi: I like you two. I like you two for so many reasons. First of all, it's just fun to talk to you, I love this story about going to New York, and I think it's cool that you almost seem unaware of what you've accomplished. You have accomplished something quite amazing. You're quite young. Yeah, mid-50s. I know you mentioned we're on the older side, but no, you're quite young, particularly for the amount that you've accumulated.

And I love that little tidbit you just threw in there, she would try to give us large amounts, and then Rachel chimes in, 300 bucks, like it's just so relatable. And I love all of that, it's just you're like a next-door neighbor, you're like a friend, but there's one big difference, you have over \$5 million. Can you be both? Can you be the next-door neighbor, the friend, and have a multimillion-dollar net worth?

Jack: Absolutely, yes.

Rachel: That's what I'm going to figure out.

Ramit Sethi: Mm-hmm. So, interesting that two different answers there. Jack said, absolutely, and Rachel said, that's what we're going to figure out.

Rachel: He's much more confident of that than I am, for sure.

Jack: I guess because I know from whence we came, we're the kind of people that would do whatever was necessary to help a friend, and I don't see that changing. And if anything, I see that it puts us in a position to do that even more readily. So, in some ways, the sum allows us to be even more of what we are, or where we came from, or that sort of thing. We still won't ever be ostentatious. We'll never be flying it in front of people, purposefully beating our chest, and extolling our bank account to anybody. The money itself, to me, is not a negative and shouldn't be perceived as a negative.

Ramit Sethi: Rachel, what about you?

Rachel: I hope so. I still have this unexplainable fear of it running out, that we haven't done enough, that because I'm not working, suddenly, the stock market's going down, and all of a sudden, it's going to disappear just as quickly as it appeared.

Ramit Sethi: Like it'll disappear over 30 years?

Rachel: Yeah. I mean, I hope to live that much longer.

Ramit Sethi: I mean, I'm trying to make the point that you didn't just make this money overnight.

Rachel: Right, but I still am not confident that, without me still contributing, it will last; that it's enough.

Ramit Sethi: There it is, I was looking for the C word. I was counting how many minutes until you said the C word? Contribution, and it's always the lower-earning member of a couple who is obsessed with the C word. Am I contributing enough? And sometimes, it might be a parent who's staying home with the kids, they go, am I contributing? This doesn't show up on the spreadsheet, but do we count my child care, all the time that I'm making the food, and this and that? And it's so interesting that in your mid-50s, after a very successful long career, investing, and doing all of that, you're still using the C word. Hmm. What would make you feel safe?

Rachel: I don't know.

Ramit Sethi: Try to guess.

Rachel: I don't know. I feel like I think part of the issue is the way we accumulated the money. I read a few Kiplingers and personal finance books, and we just started putting it away, and it somehow got there. So, I feel like I'm not an expert, and we've never gone to an expert to look at our finances, and I feel like I've missed something, so I'm trying to educate myself now.

Ramit Sethi: Well, okay, maybe you did miss something. Maybe you missed out on some obscure tax advantage or some type of account. You missed the fifth rung of my rung of personal finance, whatever. Yeah, you missed it, and, finish the sentence for me. What does that imply?

Rachel: That it's going to collapse.

Ramit Sethi: Right. Okay. So, you built a house of cards, but you think maybe you missed one little thing at the lowest foundation level and it's all going to collapse.

Rachel: Maybe.

Ramit Sethi: Okay. So, that's interesting. It sounds like maybe you might feel safer if somebody reviewed everything for you and told you this is correct.

Rachel: Maybe, yeah.

Ramit Sethi: Fair enough. Maybe. What else would make you feel safe?

Jack: I don't know.

Ramit Sethi: How much did you make at the job you left?

Rachel: I was at 117.

Ramit Sethi: Okay. And you left that job, and now you're working part-time, and how many hours are you working and how much do you make?

Rachel: It depends. I'm making minimum wage. It depends on the time of year, and how much I'm working. It's a good job for a good cause.

Ramit Sethi: It's a farm. Is that right?

Rachel: Yeah, it's an urban farm.

Ramit Sethi: That's cool.

Rachel: We donate a lot of our proceeds to the food pantry, and it's pretty cool.

Ramit Sethi: That's awesome.

Jack: It started as a full volunteer, too, so it just that they've seen what she can bring to the organization, and so they've started to compensate her for the hours she's putting in, as opposed to just doing it free.

Ramit Sethi: Great. Okay. So, this is something that is like a passion of yours, and you're contributing to it. Fantastic. And Jack, I understand that you still work, and Jack, what's your income?

Jack: 156.

Ramit Sethi: Okay. Do you both own your house?

Jack: Yes.

Ramit Sethi: Where does the money go?

Jack: Probably most of it goes back into our accounts.

Ramit Sethi: Investing and stuff.

Jack: Yeah, maxing out on 401(k), for sure, back to our Roth conversions, and then we've got a series of accounts, again, much like what you talk about in the book with online banks that have cash in them, so we have the access to it, that every week and every month, it flows into an account that then disperses it to the investment accounts.

Ramit Sethi: You guys are very savvy. You're doing everything right.

Jack: And it just goes and goes and goes.

Ramit Sethi: It's like a loop that at the level that you are at, you have more money than you know what to do with. It sounds weird to say, doesn't it?

Rachel: Yeah.

Jack: Totally.

Ramit Sethi: It's weird because almost everybody in America has a different problem than you have. Virtually, everyone is, I don't have enough, I need to save more, but you're in the enviable position where

you have more just sitting in investments than you know what to do with and your income is going right back into that asset, so you've got a whole different challenge.

It's a much better challenge, but it is a challenge nonetheless. Okay. Good. Good work. I mean, a lifetime of this. I know, Rachel, you said it seems surprising, Jack, you even mentioned, it's hard to believe, but if you start investing early, you invest consistently and you have relatively high incomes, it's just math. It's not magic, it's just math.

Rachel: We are the poster children for your book, for your method. Seriously, like we've done nothing else but that, and that's how we've gotten here.

Ramit Sethi: Yeah. \$5 million-plus.

Rachel: Yeah.

Ramit Sethi: So, what does somebody who has \$5 million do? Let's start not with you, but with somebody else. When you envision a multimillionaire, what kind of lifestyle are they leading?

Jack: Driving fancier cars.

Ramit Sethi: Can I guess what you drive?

Jack: Oh, I don't think you're going to get mine.

Ramit Sethi: Okay. Is it a Subaru?

Rachel: No. I want one, though.

Jack: It is a Toyota that we inherited from Rachael's mom when she passed.

Ramit Sethi: Oh, my God.

Jack: 2003.

Ramit Sethi: I love you two. I love you. Oh, my God. Toyota what?

Jack: Camry. Oh, it's the top-of-the-line Camry for 2003, but still.

Ramit Sethi: I know that model. I know that model very well.

Jack: You would have nailed it because we were looking at a Subaru at the time, but then when we had the opportunity to take over Rachel's mom's car, we're like, the car just runs too well-

Ramit Sethi: Yeah, it's too good of a car.

Jack: ... to just turn around and sell it.

Ramit Sethi: I agree. It's too good of a car.

Jack: It's just that it's going to run, and run, and run, and so we figured, why take on a car payment when we've got a perfectly good running car?

Ramit Sethi: Okay. So, back to the multimillionaires, what else do multimillionaires, and what kind of lifestyle? They have a nicer car, what else?

Rachel: Well, just what I did with New York, a multimillionaire is not going to turn their nose up at going and staying at the Moxy.

Ramit Sethi: Mm-hmm. Can we do a role-play? You are a multimillionaire, hypothetically, and we're going to plan a trip to New York.

Rachel: Okay.

Ramit Sethi: Okay.

Rachel: Yeah.

Ramit Sethi: Okay, Rachel. I'm excited. We get to go to New York, we've been talking about this for a long time, so I was thinking that we would go mid-March and we'll go for like five days. How does that sound?

Rachel: It's a long time. I'm being rich, not me, right?

Ramit Sethi: Yeah. Yes, you're being rich Rachel, not real Rachel, who's also rich.

Rachel: Great. Fabulous.

Ramit Sethi: But rich Rachel.

Rachel: We're going.

Ramit Sethi: Okay. Great answer. And yeah. So, I have a couple of ideas for hotels, but what are you thinking?

Rachel: Whatever you want to do, let's stay in the best area, so we don't have to walk too far.

Ramit Sethi: Oh, so I can just go ahead, and just book it, and you'll be good?

Rachel: Yeah.

Ramit Sethi: Okay. And in terms of eating, I have a couple of places I was thinking, what are you thinking?

Rachel: It's got to be fancy.

Ramit Sethi: Wow. Okay.

Jack: Per Se.

Ramit Sethi: Per Se.

Rachel: Yeah, Per Se.

Ramit Sethi: Okay. Very nice. What else do you like to do? Do you want to see a show?

Rachel: Yeah.

Ramit Sethi: Alright. So, Rachel, why don't you pick the show that we see? What are you going to pick?

Rachel: You know what, we didn't see Hamilton when it was here, we'll go see Hamilton.

Ramit Sethi: Okay. That sounds good. Hey, will you just let me know what seats you chose for Hamilton?

Rachel: Yeah, they're going to be down front.

Ramit Sethi: Wow. Okay. So, let's zoom out of this example. What was the difference between rich Rachel and real Rachel?

Rachel: Every single thing.

Ramit Sethi: Talk me through it.

Rachel: I would never say—for five nights, I'd be like, well, do we have to stay that long? That's a long time. And we'd look at the restaurants, we'd have to look at the hotels, for sure.

Ramit Sethi: When you say we, you mean you?

Rachel: Yeah.

Ramit Sethi: Okay. What else?

Rachel: I'd worry about eating three meals out every day.

Ramit Sethi: Why?

Rachel: Because that adds up.

Ramit Sethi: Okay.

Rachel: And I'd be at the last-minute ticket booth if we were going to go to a show.

Ramit Sethi: No, Rachel. Oh, my God.

Rachel: Yeah.

Ramit Sethi: You're not allowed to go to the last-minute ticket booth in Times Square.

Jack: We wouldn't be down front, that's for sure.

Ramit Sethi: No, it would not be even happening, but, Rachel, it's making me laugh so much that you would be at the last-minute ticket booth.

Rachel: I would.

Jack: She talked about that this past weekend.

Ramit Sethi: If you don't know, there's a ticket booth in Times Square that sells last-minute tickets to Broadway shows for really cheap prices. The lines start super early in the morning, and people, mostly tourists, will spend hours hoping to get a discounted ticket.

What did she say?

Jack: About, "Oh, I should go and see..." The day that I had my meeting, she's like, "I'm going to go to the last-minute ticket booth and see if we can get into something tonight".

Ramit Sethi: Hey, Rachel, I mean, there are so many funny things about this, but can I just say, maybe this will reach you because I know me telling you, you have enough money is not going to reach you, but when you stand in that last minute ticket booth line and you take that Hamilton ticket, you know there's some mom or dad from the south side of Chicago who brought their kid there for the first time, and now, they can never see Hamilton because of you?

Rachel: That would make me change my mind.

Ramit Sethi: Yeah.

Everybody stop and clap for me right now. I just weaponized the Indian mom guilt trip and turned it against Rachel. This moment should go down in history books as one of the most effective money psychology strategies ever employed. Rachel doesn't care about her millions of dollars. She doesn't care about wasting hours of her limited time in New York City. But when I mentioned some poor hypothetical family that she's taking tickets away from, I think I got her.

Many things in America are catered towards people who need to save money, because they do, right? So, if you imagine in a way, when you do certain things, you're subsidizing other people to be able to afford things, right? That's why I'm so happy to pay my taxes. I don't have kids in this school district, but some people can't afford what I can, so they get to send their kids to a great public school. So, think about all the ways that you subsidize others who are not as fortunate as you.

So much of Rachel's thinking around money is based on scarcity. This is one of the reasons that frugality can be a great skill, but at a certain level, it can become destructive. It can become selfish. If you're so focused on cutting back and saving money, you forget that you have obligations as a wealthy person. Yes, I said it. If you're wealthy, you have obligations. That Moxy Hotel that Rachel was so afraid of, guess who works there? Front desk staff, doormen, bartenders, housekeeping.

All those people could have benefited from Rachel's money and tips, but to save that \$100 that she does not need to save, she skipped it. Now, what I'm doing here is nudging Rachel out of her head and showing her that she's earned the right to be able to think beyond \$100. I would argue, it's her obligation. This is nothing new. The wealthy subsidizing others has happened for generations, for hundreds of years, and rightfully so.

In ancient Greece, arts, for example, were funded by the wealthy. Today, I pay taxes that fund neighborhood schools, even though I don't have children. Good. I can afford it. Like a beginning musician, Rachel currently has a single note with money that she can play. Know what the note is? Save. Save, save, save. I need to expand her repertoire to show her that there are other notes out there, and when you play them together, they could truly sound beautiful. At her level, she should start playing these new notes.

What's the opposite of fear?

Rachel: Generosity.

Ramit Sethi: Nice. So, can you just quickly play out, how would fear manifest if you were going on a trip to New York versus generosity?

Rachel: Well, fear is what I do now. I think everything through to the point where we don't enjoy it. And if I'm being generous, even to ourselves, I would allow myself and Jack to go out and enjoy ourselves without guilt, without fear. That's generous to us, but I also don't want to be selfish with it, generous to others as well. If our friends are there, I'd love to buy the next round of drinks. It feels great.

Ramit Sethi: Love that. You can be generous. I love that you're generous to yourself. That's a great insight. And generous to Jack. Jack came to you, he wanted to take a trip, and he had his work covering part of it, very generous of him to say, let's turn this into a nice leisure trip as well. Your response, what tool did you pull out of your tool belt when he came to you with generosity?

Rachel: Fear.

Ramit Sethi: Yeah. So, if you had met him with generosity, what might you have said to him?

Rachel: Yeah, let's do it.

Ramit Sethi: Mm-hmm. And push that even forward, even more generous than he was generous towards you.

Rachel: I can't do that. Yeah. I think, well, first of all, I'd have to scrape him up off the ground.

Ramit Sethi: It's a good thing. You've been married for so long, good to keep it fresh.

Jack: Yeah.

Ramit Sethi: Okay. So, you scrape him up off the ground.

Rachel: I scrape him up off the ground.

Ramit Sethi: He says to you, I found a hotel, it's going to be relatively modest, Moxy in the East Village, and then you say?

Rachel: Fuck it, we're going big.

Ramit Sethi: Keep going.

Rachel: We're staying, I don't know the names of the fancy ones, but the Ritz, I don't know.

Ramit Sethi: Okay. The Ritz. Great.

Rachel: Not my stuff.

Jack: Conrad.

Ramit Sethi: Conrad. Okay.

Rachel: Yeah, there you go.

Ramit Sethi: This man knows his New York hotels. Very good. Okay. How do you think he would react to that?

Rachel: Stunned, silence.

Jack: I wouldn't be stunned. There have been rare occasions where she says, "Yeah, you know what, we've got this opportunity, and let's do it". I don't know how the stars aligned or where the planets were at that time, and usually, it surrounds food and restaurants, and that's the one thing we have been generous to ourselves, is we will go to a restaurant because we want to have really good dining experience and we always tip extremely well. We always like to take care of our servers in those situations, because we know how hard those jobs are. So, there's always been that kind of spark in her with regard to that.

Ramit Sethi: What does it feel like when you see that spark?

Jack: Oh, it's awesome, because I know once it's there, it's like it turns out how the trip to New York worked out, which is fabulous. We went to the bar, had a drink at the bar, sat at our table, and had a wonderful meal. It was great.

Ramit Sethi: It's funny hearing how grateful you both are. I love it. I like hearing how grateful you are for the simple things of being able to have a drink at a bar. I'm not hearing the two of you say anything like, I want to buy three different Ferraris, not even in the same universe. It's, I want to be able to go to a hotel, maybe the same hotel, not have to switch hotels on a three-day trip. I want to be able to get a drink at a bar, have some nice food, and tip well. It's a very nice, achievable goal.

I mean, to be candid, somebody who has a 20th of what you have as net worth could do that. In other words, you have 20 times the wealth. So, to be so focused on these three-dollar questions about a hotel room and a modest hotel room, or should we take this flight or that, it almost feels like a tragedy to me, a tragedy to live a smaller life than you have to. Rachel, I know you mentioned not wanting to get older, and just realized you saved all this money and you didn't do anything with it. Has that been on your mind?

Rachel: Absolutely. 100%.

Ramit Sethi: When it's on your mind, do you change anything or does it just make you feel worse?

Rachel: Both. I feel worse, and then I try to change.

Ramit Sethi: What do you change?

Rachel: Well, again, I'm trying to educate myself I need to understand that it is enough. And just hearing you say that 20 times, okay, will it last us another 30 years? I need to understand that solidly, but yeah, I mean, I'm trying to do both, acknowledge it, and change.

Ramit Sethi: Okay. Would you like me to talk to you a little bit about how long the money's going to last?

Jack: Yeah.

Ramit Sethi: Okay. So, currently, with an income of roughly 150K, that's more than you spend. It sounds like you're taking that money, you're putting it back into your investments, so you could theoretically live on less than 150. Would you agree with that, Rachel?

Rachel: Yes.

Ramit Sethi: Okay. This \$5 million you have, what does that number mean to you?

Rachel: Absolutely nothing.

Ramit Sethi: Yeah, that's right. That's right. So, to other people listening, they go, 5 million, this lady is—the Moxy-

Rachel: She's an idiot.

Ramit Sethi: Exactly, and you say that to yourself.

Rachel: I know.

Ramit Sethi: But I understand that 5 million does not hold meaning to you, and that is the crux of it.

Rachel: Any concept.

Ramit Sethi: It's just a number with a lot of zeros. I had this same discussion with my wife early on. We were talking about large amounts. When I see 5 million, I see something different than what you see. It's like if you see someone who runs, I don't know, a two-hour—I don't know how long it takes to run a marathon, but some number marathon, and I go, oh, is that long or were they driving a car? Like I have no clue. To you, it means something. To me, it means nothing.

Rachel: Right.

Ramit Sethi: And so, I love that you're going, hey, I'm trying to get educated about this. I want you to be educated about what that number means to you. So, should we talk about that?

Rachel: Yeah.

Ramit Sethi: Okay.

Jack: Yes, please.

Ramit Sethi: Alright. So, I'm going to ask a couple of questions just to understand your level of knowledge here, and then I'll tell you my thoughts on it. When you see 5 million, how do you feel about it?

Rachel: My 5 million or somebody else's?

Ramit Sethi: Yours.

Rachel: It doesn't exist. I don't feel anything about it.

Ramit Sethi: You feel nothing.

Rachel: No, I don't feel like I can spend it, I don't feel like I can enjoy it, I don't feel like it's there.

Ramit Sethi: Why is that?

Rachel: Because of the way it was accumulated, just plugging it away and never looking at it.

Ramit Sethi: How often did you review your numbers?

Rachel: Never.

Ramit Sethi: Like once a year or never?

Rachel: Oh, God, no. No. Like for a long time, never.

Ramit Sethi: Jack, were you the one in charge?

Jack: Oh, no.

Ramit Sethi: What? Who did this?

Jack: Rachel. I give 100% credit to her. She was the one who got us into this track of set-it-and-forget-it savings, but up until a couple of years ago, we probably rarely looked at it.

Ramit Sethi: You guys are the best. I mean, everything you're saying is so funny, but it's funny to me, the finance guy, because all these crypto nerds online, trading, doing all this bullshit, losing all their money, but they don't even realize it, or all these people who try to flip houses and they think they're making all this profit, but they're not. And meanwhile, here's the two of you, you don't even check your accounts for years at a time, and then you're like, oh, babe, where's that password? Oh, shit. We have like \$4.9 million today. Oh, well, let's check it in a couple more years.

And you just could not care less. I find this so hilarious. And for all these crypto loser traders out there who think you're making money, now, you can meet a real couple and learn how multimillionaires make their money. The way that you two have made your money is way more common than most people believe. Way more common. You just plugged away. You were consistent. You didn't win the lottery. You didn't hit some tech IPO. You just saved and invested. You had low fees. You understand things like allocation. You use your tax-advantaged accounts like 401(k), and that's it.

Rachel: Yeah.

Ramit Sethi: It's just time.

Rachel: Yeah.

Ramit Sethi: I'll just talk math. Okay. When I look at your \$5 million, I see that you—I'm going to assume that you two are getting roughly a 7% return rate. That's, I think, conservative. I don't know what your allocation's like, but I'll just say 7%. Would you say that that's a fair assumption, generally? Jack, what do you think?

Jack: I think so, yeah.

Ramit Sethi: Okay. So, Rachel, did you know that answer, by the way?

Rachel: Roughly. Very, very roughly.

Ramit Sethi: Okay. But 7%. If I had said like 70%, what would you have said?

Rachel: Oh, no, no, no.

Ramit Sethi: Good. Okay. So, you're very knowledgeable. That's very impressive. So, today, you have 5 million. If you do nothing, if you stop contributing right now, and you take all that money Jack's making and all that money, Rachel, you're making from the farm, and you just spend it all, every last cent, by the time you're 60, how much do you think you have in your accounts?

Rachel: So, we're not contributing anything.

Ramit Sethi: Correct.

Rachel: We're spending all of it.

Ramit Sethi: Mm-hmm.

Rachel: And the markets are still going down?

Ramit Sethi: Well, we don't know what happens, but we're just going to assume 7%.

Jack: 7%.

Ramit Sethi: On average. Some years, it goes up. Some years, it goes down.

Rachel: How much would we have? I don't know, 6 million.

Ramit Sethi: 7 million. And by the time you're 65, how much would you have?

Rachel: 7 million.

Ramit Sethi: No, 10 million. What's that look on your face, Rachel?

Rachel: Shock.

Jack: Disbelief.

Rachel: Yeah.

Ramit Sethi: Rachel, how long did your parents live? How old were they?

Rachel: My dad was 80. My mom was 89.

Ramit Sethi: Wow. Your mom was 89.

Rachel: Yeah.

Ramit Sethi: What's the number you think you might live to? It's a weird question, but let's just ballpark it.

Rachel: I'm going for the high-90s.

Jack: She's going for three digits, for sure.

Rachel: Yeah.

Ramit Sethi: Okay. I love that answer. I did not expect that. So, what do you want to say, 95?

Jack: Yeah.

Ramit Sethi: Alright. How much are you going to have then, if you contribute not a cent more from today onwards?

Rachel: Oh, I got to start living on that at some point.

Ramit Sethi: Yeah. I'm sure you're going to be in real trouble with how much you need to live on. Rachel, how come—Oh, my God.

Rachel: I don't know.

Ramit Sethi: Your first inclination was to talk about how much you need to live on. Rachel, you own your house, and you have like a 50-year-old car, it's not like you two are traveling that extravagantly. I mean, you're debating over the Moxy. Come on. Forget about how much you need to spend, how much are you going to have in that investment account by the age of 95?

Rachel: Too much. We need to spend it down, right?

Ramit Sethi: But how much? How much?

Rachel: I don't know, 15. No, no, that's too much.

Jack: No, it's not.

Rachel: It's not?

Ramit Sethi: Let her do it, Jack.

Rachel: I don't know. I don't know.

Ramit Sethi: At the age of 95.

Rachel: 15.

Ramit Sethi: 15 million?

Rachel: Yeah.

Ramit Sethi: Try 76 million. And listen, Rachel, if you make it to 100, you've got \$107 Million, but don't kick the bucket, alright? So, look at that laugh, what does it make you think as you hear these numbers?

Rachel: That you're slightly crazy?

Ramit Sethi: Well, I'm not crazy, I'm just doing math.

Rachel: Seriously?

Ramit Sethi: Yeah, I'm serious. I'm not even adding in the amounts that Jack is contributing, which is tens of thousands of dollars a year. I'm not adding in any of that. Of course, I'm not taking out what you two would take out to use. That is true. You will start extracting money from this, but in your current state, it's so modest. The point is, these numbers are almost comically large.

Rachel: Well, that's why I'm laughing.

Ramit Sethi: Yeah, it's almost unfathomable, right?

Rachel: 100% unfathomable, like the same way as we got to five, it doesn't even seem like—that's crazy talk, what you're saying.

Ramit Sethi: It accelerates faster the more you have. This is what's counterintuitive. It took you your whole life to get to five, and then it will take you such a short amount of time to get to 10 and 20. \$20 million, that's going to happen in your lifetime.

Rachel: No.

Ramit Sethi: Yes. Are you prepared for that?

Rachel: No.

Jack: No.

Rachel: No.

Ramit Sethi: If you do not use your current financial state as training wheels to learn how to think about and spend money, then you will be stuck at this level forever while your portfolio grows to ungodly amounts.

That was fun to do, but it won't change anything for Rachel. That's because if she can't think about how large \$5 million is, she definitely can't think about what \$76 million means. Hearing the number 5 million scares her. So, if I just told her the 76-million-dollar number, you know what it does? It just causes her to burrow deeper and to avoid this, but I'm not just telling her numbers.

We've been talking about everything but numbers for this entire episode. This is where I'm starting to lay the groundwork for her to realize that her fears aren't just unfounded, they're absurd. So, now that I've pegged these huge numbers in the tens of millions of dollars, we can start by dealing with the relatively modest number of \$5 million. Watch how simple this starts.

Do you like coffee?

Rachel: Yeah. Love it.

Ramit Sethi: Can I tell you what I do with coffee?

Rachel: Yeah.

Ramit Sethi: So, I like coffee. I have a spreadsheet of different types of coffee that I want to try, and every week or two, I will order one coffee bean delivery that I know I like, and I'll order four new ones. Okay. And most of them, I don't particularly like, I take my little notes, but every month or so, I discover a new coffee that I love. And it's just like this cool adventure for me. What does it cost me, 50 bucks, 80 bucks a month? Some number that's relatively modest for me, but it gives me this feeling of adventure and I'm

supporting all these local coffee bean places all around the country. And if I don't like it, that's fine, I give the beans away or whatever. What do you notice about that example?

Rachel: That feels nice.

Ramit Sethi: What else?

Jack: Well, my morning coffee, that's like the best time of the day, and bring it to you, we have coffee in bed, yeah, I'd love to...

Rachel: Step up that game.

Jack: Yeah.

Ramit Sethi: You see how you can add a little bit of magic to your day? It's not that expensive, but it's not about the money. If it costs you \$1,000 a month, it would still be worth it. Because you have a simple life, yes, I agree, you do, I'm not trying to get you to go out and party in the meatpacking, that's not what I'm trying to get, but you love coffee, how do we turn that money dial-up?

Rachel: That's exactly where I'm struggling, and I know you're looking for specificity, but it's like I haven't given it a second thought.

Ramit Sethi: In decades.

Rachel: Yeah, yeah.

Ramit Sethi: Yeah. So, your entire money lens has cost to the exclusion of excitement, novelty, and generosity. And so, we're pulling out these rusty instruments from the closet, we're going, dust this thing off, I still think you have generosity inside of you, and adventurous, adventurousness, adventure, whatever the word is, but it takes a little polishing to get it back up to speed. Would you agree?

Rachel: Yeah. Yeah.

Ramit Sethi: Okay. So, it's now 6:30 AM and we've already had a magical experience through these coffee beans. Beautiful. What's next?

Rachel: I have some top-notch running gear.

Ramit Sethi: Beautiful. Do you currently have that?

Rachel: No.

Ramit Sethi: Okay. Now, we're talking. What is it? What kind of shoes, and shirts? Tell me.

Rachel: All of it, the carbon-plated shoes, I'm wearing old race shirts now, I'm shopping at Tracksmith, yeah.

Ramit Sethi: So, you have the best.

Rachel: I've got all the gear.

Ramit Sethi: I love that. It's meaningful to you.

Rachel: Yeah.

Jack: That makes her happy.

Ramit Sethi: Beautiful. Your rich life, when you truly turn the dial on the things that matter, should almost be incomprehensible to someone from the outside. So, I remember, I have a friend of mine who runs a lot. She and her husband are avid runners. One time, I went over to their house, and they have a shoe rack in front of their front door, and I was like, "Oh, who's over here?", and they were like, "What do you mean?"

And I walked in, I expected there was a party there, no, it's just the two of them, because they have like 10 different pairs of shoes. Incomprehensible to me, but runners, of course, get it, they go, this is for that and that's for that. So, for you, it should be incomprehensible to me. Okay. Great. So, you wake up, you put on the best gear, you've got the shoes, and the shirt, and whatever type of watch, okay, you go for your run. Are you running alone?

Rachel: With Jack.

Ramit Sethi: Okay. Good. And are the two of you running for fun, for performance? Tell me about that.

Rachel: If we're doing this, we are training for one of the marathons that we can't get into, but if you go through marathon tours, it can pay to get into one.

Ramit Sethi: Well, I mean, you can afford it, but I think it's even more meaningful to earn it. How would the two of you train effectively?

Rachel: With a coach.

Ramit Sethi: That's right. What happens at lunch?

Rachel: Easy. At home. Healthy.

Ramit Sethi: Cool. Whole Foods?

Rachel: Yeah, recovery food.

Ramit Sethi: Great. What's the rest of the day?

Rachel: I still see Jack—I mean, he's still enjoying what he's doing. I still see him working at the firm. I don't see giving up that part yet.

Ramit Sethi: Great. And then, in the evening.

Rachel: Easy dinner. Yeah.

Ramit Sethi: Who cooks?

Rachel: Mostly me.

Ramit Sethi: Okay. Same thing, Whole Foods?

Rachel: Yeah.

Ramit Sethi: Do you love food?

Rachel: Yeah.

Ramit Sethi: Remember how I said I love coffee, and what did I do to make it special for me?

Rachel: Ordering all sorts of new stuff.

Ramit Sethi: Yeah.

Rachel: Yeah.

Ramit Sethi: And you mentioned you love food and you mentioned you want to be generous, can you put those two together for me and tell me how you might make dinner magical for you?

Rachel: Have friends over.

Ramit Sethi: Love that. Would you cook?

Rachel: Yeah. I'd be a little intimidated, but yeah.

Ramit Sethi: Okay.

Jack: She's a great cook, but she would worry about cooking for others.

Ramit Sethi: Mm-hmm. Would you feel comfortable having somebody else cook for you?

Rachel: I don't know. In the house?

Ramit Sethi: Yeah.

Rachel: It would depend on who it was.

Ramit Sethi: Can I just tell you, when you have the kind of money you have, all these problems can disappear?

Rachel: Why?

Ramit Sethi: If you want them to cook in your house, they'll cook in your house. If you want them to prep somewhere else, and then just bring it over, they'll bring it over. If you don't like the person, you can hire somebody else. These are all easily solved problems. I just want to remind you, that you're not 20 years old with no money, you're rich. You're really rich.

Rachel: Yeah, then maybe they prep it and bring it in.

Ramit Sethi: I get it. It's a little bit more modest if you can have the food—instead of a chef and his whites, I get that, it might be a little bit too much.

Jack: Yeah.

Ramit Sethi: Fine. Okay. Let's just stop right here at the end of this day. I want to summarize what you told me, and then I'd like to know how it feels. You wake up in the morning, Jack brings you coffee, and he goes babe, look at this. This one is from Arkansas. They have a cool coffee farm there, and it's from South America and I like it. Tell me what you think.

You go for a run. You put on the perfect shoes. You meet your coach. He or she is outside. You've got the gear. You go for a run, go to work for a little bit. And then, in the evening, the chef comes over, you want it to be home-style, simple, nothing showy, healthy. He comes over, he puts it down, plates it may be for you, but leaves the final stuff for you. Leaves. And your friends come over, you got music playing, and you serve dinner, and everybody has a nice time. How does that day feel to you?

Rachel: That feels great and not extravagant.

Ramit Sethi: It's not extravagant. It's okay if it's extravagant, though. What do you think the most expensive part of that day was?

Rachel: My running shoes.

Ramit Sethi: Yeah. Well, how much do running shoes cost?

Rachel: Some of them are like 275.

Ramit Sethi: Okay. Okay. You know that running shoe, in the conversation we've had today, you made that amount in interest. Did you know that?

Rachel: No.

Ramit Sethi: Let me say it again. I want to see your reaction. During our conversation, you have made enough money to pay for those running shoes maybe times five in interest. Do you believe me?

Rachel: Yeah, because you're the expert. It doesn't seem real, but yeah.

Ramit Sethi: That's how money works. The more money you have, the more it makes. And at a certain point, it makes so much that you cannot spend it fast enough. Did you know that right now, each year, how much your investments are generating for you? Just assuming 7%, your investments will generate \$358,000 for you. How many years of income is that? Rachel?

Rachel: Three years.

Ramit Sethi: Mm-hmm. And in a few years, by the time you're 58, it will generate \$409,000. And by the time you are 60, \$469,000. By the time you're 70, \$923,000 per year. It goes up. By the time you're 80 because I know you're going in it for the long haul, \$1.8 million a year. That's a 7% return rate. We can cut that down. As you get older, you will become less aggressive. There are certain things called a safe withdrawal rate. These are all more technical, I'm sure you've read about it or we could talk about it later, but even at half the return, you have enough money to last you for the rest of your life and beyond. Can you say it?

Rachel: We have enough.

Ramit Sethi: Yeah. You have enough to not just survive, but to thrive, enough that shoes are the equivalent of a pack of gum for you. Can you internalize that? Do you remember how we felt when we were 20 when we saw a pack of gum in the grocery store checkout line? We're just like-

Rachel: Just grab it.

Ramit Sethi: Yeah, just like, oh, that sounds good, whatever, it's nothing. That is your 275-dollar shoes to you now.

Rachel: That doesn't seem real.

Jack: That's awesome.

Ramit Sethi: I love you two. The difference is so good. Rachel, I want you to feel that it's real. I do. It's going to take you time. It's going to take you a lot of work. But whether or not you feel it's real, it is still real. And every day you treat it like it's not real, what happens?

Rachel: The wall between me and the acceptance of it gets higher, and that's why I made myself go to New York. I know that every time I say no, it's another brick in the wall.

Ramit Sethi: That's right. And also, what happens to the amount of money?

Rachel: It keeps going up.

Ramit Sethi: It keeps going up to a point where-

Rachel: And it's going to get harder.

Ramit Sethi: That's right. And so, one day, imagine in the future, you're 75, you go, okay, fine, I'll spend it, and at that time, to you, like \$1,000 is a big expense. Meanwhile, you made \$1,000 in 10 minutes in interest and you spent your entire life feeling okay to spend \$1,000, but you were playing the tiniest game in your life.

Rachel: And that's exactly what I don't want to do.

Ramit Sethi: Here's a couple who's playing small and they are wealthy. For them, a 300-dollar pair of running shoes is like a pack of gum, but they don't realize it. See, they made their money, but they haven't yet adjusted their money psychology. Every so often, I get a message from someone who writes me, and they say, "I've been following you for seven years. Today's post finally convinced me to get your book, let's go", and I'm happy. I'm happy to hear that they're getting my book, but these types of messages make me sad.

Think about it. This person read my email newsletter or they followed me on social for years. I'm sure they've seen me mention my book, my Earnable business program, my dream job program, and lots of other things. I'm sure they've also seen me take these exotic trips on a tiger safari or a six-week trip to Japan, India, and Kenya. Those are my most popular posts of all. So, finally, after all of that, they got up the courage to do something, to take some action, and they bought my book.

Again, I'm happy they did it. that's a great place to start, I know that all of us go on our journey, and we only take that journey when we are ready. But the reason I'm sad is that in all that time, there were people who grew their incomes by \$100,000, people who started businesses that have generated millions, people who have invested automatically for years and years, and this person who wrote me, they built up this crescendo all to buy a 10-dollar book?

I appreciate everyone who reads it, but these messages about taking years to make a decision make me sad because I want people to stop playing small. Making a 10-dollar decision should not take years. I have a rule called Ramit's Book-Buying Rule. If you see a book you like, just buy it, don't deliberate, don't equivocate, don't agonize, just buy it, because a single insight can change your life. I want you to spend that kind of time on the big decisions in life.

Buying a house, are you thinking about doing that? Yes. You should take years running the numbers, saving up, and planning for every contingency. That's worth it. But to buy a 10-dollar book, sadly, most of us spend more time deciding where we're going to order from Postmates on Friday than we do understanding our finances. One of my friends once said, get impatient with yourself.

You would never let a good friend sit around and complain about a situation for seven years, so why would you do it yourself? Do you want to make more money? Get Earnable. Want to find a new job? Take a dream job. You and your partner can't seem to resolve something you constantly fight about? Go see a therapist. Get aggressive, get impatient, and above all, stop thinking small.

Can you tell me about your perfect month?

Rachel: If it's perfect, I'd love one of those weekends to be something where we get away somewhere.

Ramit Sethi: Where?

Rachel: I like kind of outdoorsy trips, a cabin somewhere, where there are cool things to do outside, good running-

Ramit Sethi: Oh, God, you're not speaking my language at all. I don't know any of these places.

Rachel: I'm sure, I'm not.

Ramit Sethi: Like what is the place that folks in your community talk about that's like a cool place to go?

Rachel: Well, I love the Pacific Northwest and doing all sorts of stuff like that.

Ramit Sethi: So, you go there, what do you get, a cabin?

Rachel: Yeah.

Ramit Sethi: Okay. Tell me more.

Jack: ... cabin, but yeah, we would find a nice place. A remote place.

Ramit Sethi: You're going to go glamping.

Rachel: Yeah.

Jack: Yeah.

Ramit Sethi: Okay. Great. And how long is this trip?

Rachel: Just a couple of nights. So, it would be like once a month, it would be great to go and do something like that.

Ramit Sethi: And so, what happens during this trip?

Rachel: Lots of outdoor stuff, lots of running, chilling. Hopefully, if you're in the Pacific Northwest, there are all sorts of other stuff to do, go down to Willamette Valley, wine-tasting.

Ramit Sethi: Nice. Cool.

Rachel: Go to the river.

Ramit Sethi: How do you make a trip like that magical?

Rachel: By saying yes.

Ramit Sethi: Wow, great answer, but that's a given. I already expect you're going to say yes from now on.

Rachel: Okay.

Ramit Sethi: Do you accept that, that you will say yes?

Rachel: I think, as you indicated earlier, I have a lot of work that I have to do, but I'm hoping I get there.

Ramit Sethi: You will get there. I want you to notice what just happened in that dynamic that was interesting. So, I said, how do you make it magical, thinking that we would talk about some very memorable thing that you could weave into the trip, and maybe you'd find out that Jack's been wanting to do X, and you would arrange it secretly, and what was your answer?

Rachel: Just going for it.

Ramit Sethi: Yeah.

Rachel: Going along with it.

Ramit Sethi: This is exactly what I was talking about a few minutes ago. When people DM me, saying, "I've been reading your free stuff for years, I finally decided to buy your book". Here, Rachel's idea of magic is just saying yes. That's how small she's been playing, that to her, saying yes is magical. No. If you have \$5 million, you can do so much more than simply say yes. I'm glad that she's accepting she can do it, but I want to show her what a rich life can be, especially at her level. I asked her again, what would make it magical?

Rachel: Having some of the planning done. He takes care of finding a great restaurant or a good winery. I know it's not your style, but maybe we're signed up for a race while we're out there.

Ramit Sethi: Nice. Keep going.

Rachel: Just taking care of some of those details that I tend to say no to and just doing it.

Ramit Sethi: Okay. Do you want to ask Jack what would make it magical for him?

Rachel: Yeah. It's always on me. What would you want to do?

Jack: I'd want to go and stay somewhere that was super nice. Super nice.

Rachel: What's super nice?

Jack: Just a gorgeous remote location, food brought to you, a place where you don't have to think about it. All of the outdoor activities because I love nothing more than starting the day with a good 10-mile run, coming back to someplace in a gorgeous location, where we don't have to worry about anything, even deciding that, sometimes, I don't even want to decide about restaurants, I'd like to go to a place, I hate the word, all-inclusive, for the connotations that brings, but there are places, and we've looked at them, remote places in Canada, that they specialize in just gourmet cuisine, pristine conditions, remote, outside, nature, and that would be magical for me.

Ramit Sethi: How do you feel hearing that, Rachel?

Rachel: We will never be able to afford it.

Ramit Sethi: Really?

Rachel: Yeah.

Ramit Sethi: But you can afford it right now.

Rachel: I know. I know. I'm working on it.

Ramit Sethi: No, no, no, no. I'm saying you literally can afford it right now.

Rachel: That's stunning.

Ramit Sethi: Remember what I always say, people with problems love to talk about their problems, and here, Rachel does it subtly. She goes, "Yeah, I'm working on it". This is her way of saying, I don't want to change, I'll just keep repeating that I'm working on it, but the answer is directly in front of her face. I'm here right now showing her the numbers, telling her she's going to have tens of millions of dollars in her lifetime, yet she refuses to truly internalize this. And what does she say instead? "Yeah, I'm working on this". It is true, that it takes time to change a lifetime of scarcity, but what you want to see is a little bit of acceptance of these numbers.

I will say, this might seem frustrating to you, but it's one of my favorite moments, because it shows how hard it is to change, and this is why I do what I do. I can have all the facts, I can spend hours talking to you, talking about your childhood, working through your rich life with you, but it is so hard to accept when you've made it. I find it frustrating, fascinating, and joyful to talk to people about this, and some of them, maybe one in 10, will truly, truly change. That's enough for me. I decided now to talk about their investments, to hone in on this with Rachel.

You both contribute 75 to 100K per year to your investments, which is awesome. You paid off your house. Your expenses are very low. What if I told you this? What if I said there is no need to contribute to your investments anymore and you have to spend that money?

Rachel: That almost makes it easier.

Jack: Why?

Rachel: I guess because we've been in this set it and forget it mode for so long, I think dialing that back makes more sense than just saying, you have all this money now, what are you going to do with it?

Ramit Sethi: And is that because, right now, you see your investments locked up over here and your income is more fluid, it's more real?

Rachel: Yeah.

Ramit Sethi: Okay.

Rachel: Yeah.

Ramit Sethi: Okay. Jack, how would you feel about that?

Jack: Excited, frankly. Looking at some of those dollars, and just picking up and going to London to see a friend would be awesome.

Ramit Sethi: Okay. I think we just had a big breakthrough. Did you both catch it? What was it, Rachel?

Rachel: That whole heads-down approach, even the money we've earned has never felt like ours. We've never spent it and we've also never turned it off, the automatic investments. And I don't feel like I have a great understanding that if we dialed it back, how that would affect things, but when you look at the way people live, they get paid, they use the money. We don't, and never have, so that's why it's really hard for me to answer like, what would you do with it? I don't know, we just send it away. It goes. So, I think maybe making an intermediate stop for it that we use seems more practical than looking at this big amount.

Ramit Sethi: Yeah. I love that it seems novel to you that, hey, maybe we should spend some of this money that we make. Meanwhile, virtually, everyone else in America is like, let me just spend everything I make. So, you two made an amazing choice decades ago when you said we're going to aggressively save and invest, you did it and you won, but now, what we've been talking about today and what I've been kind of hunting around is, how do I get through to you that you can spend?

And I think I love your honesty, you just said, that doesn't feel real to me, and no matter how many times I tell you it's real, it's not going to feel real until you can start to see a change in your immediate rich life, like when you wake up and you have the best shoes. And you put them on, and I know you're going to be grateful, you're going to go, I am so glad that I can put these shoes on, and they feel so good, and that's just one little step you need to go, whoa, we did this.

We used our money and it gave me joy for the things I have. Another example that you, yourself, gave me. I tipped the barista \$20 because I could, and the smile on their face made me feel so good that I'm going to do that all the time. Just a beautiful example of how you can use money to create that rich life. So, here's my suggestion to you. I think the two of you should talk about some amount that's effective immediately, you should begin spending.

Now, if you are contributing \$100,000 a year, you roughly have about \$8,000 a month, I'm not saying you have to do all of that at once. I do think, eventually, you should just start spending your money because it's growing faster than you could spend it right now. But let's start with the number you're comfortable with. Is there a number that the two of you would like to commit that you have to spend each month? This number would come directly from Jack's salary.

Rachel: Have to spend?

Ramit Sethi: Have to spend.

Rachel: Each?

Ramit Sethi: No, together.

Rachel: Oh, 500.

Ramit Sethi: No.

Jack: What?

Ramit Sethi: No. You're not getting out of bed for 500 bucks. You made 500 bucks in the last 15 minutes, you didn't even know it.

Rachel: A week? 500 a week.

Ramit Sethi: Oh, a week. 2,000 a month.

Rachel: No, no, no, never mind.

Ramit Sethi: Pick a number per month that the two of you have to spend.

Rachel: 500 is not enough?

Ramit Sethi: No.

Jack: Per month.

Rachel: 1,000.

Ramit Sethi: Don't ask as if you're looking for my approval. I want you to think about the type of life you want.

Rachel: Oh, my God, a thousand is more than I want.

Ramit Sethi: No, that's not true. You want the shoes, you want the coffee beans, the monthly trip. And you heard Jack, he doesn't just want to go to the cabin, he wants amazing cuisine, so \$1,000 a month is not enough.

Rachel: Alright. Your turn.

Ramit Sethi: Uh-uh. I want to hear from Rachel.

Rachel: That's way too much money.

Ramit Sethi: That's right. Now, flip it. Do it again.

Rachel: We should enjoy it now.

Ramit Sethi: Okay. That sounded like you're passing the salt, can you try it one more time?

Rachel: We should enjoy it now.

Ramit Sethi: There you go. What did Jack say about what he wanted for his rich life? Don't you care about what he wants?

Rachel: Yeah.

Ramit Sethi: Yeah. And what did he say he wants at this glamping place?

Rachel: Oh, he's way more extravagant than I am.

Ramit Sethi: Yeah. Well, he is compared to you, but what he said sounds super reasonable to me, who has accumulated millions of dollars. He wants someone to plan it for him, both of you want that, and he wants really good food, so he doesn't have to think about it. Doesn't sound like too much to ask for for a multi-millionaire. What do you want on this trip that might include your desires, as well as Jack's? We want?

Rachel: We want to stay in a nice place, the kind of place we haven't had to think twice about moving and eating well.

Jack: That's it?

Rachel: Yeah.

Ramit Sethi: You look like you're physically in pain. Why is that?

Rachel: I've never thought about things like this. I've never planned a trip without second-guessing every single thing.

Ramit Sethi: Well, we're just being hypothetical right now, but you're going to do it for real, too. Trust me.

Rachel: I know, and I'm going to have the same thing.

Jack: I hope so.

Ramit Sethi: No, no, no, no, no, no. You're not a prisoner to your impulses. You're not a prisoner. Your money does not control you. I haven't heard you say one thing that literally one thing that made me go, wow, that's way out there.

Rachel: Yeah, to a fault.

Ramit Sethi: Like I'm begging you, yeah, please say something that makes me go that's too crazy. Please tell me a restaurant you want to go to that I go to, wow, that is extravagant, that's beyond your means. You could stop thinking about practicality for the next year and you wouldn't even be close to becoming at risk of being too extravagant. You have no risk right now of being too extravagant. And if you do get close to that line, Jack's here. Jack's going to work with you. He's your partner. So, if anything, you are overdeveloped in practicality. Yeah. Yeah. So, back to the number here, what's the number that, Rachel, you think that the two of you should spend each month on a rich life?

Rachel: \$2,000.

Ramit Sethi: 2,000. Okay. That's better than 500. Well, that's 500 per week, okay, so we're back to the same number.

Rachel: Yeah.

Ramit Sethi: Uh-huh. So, all that did not change your number. Okay, Jack, what number do you have?

Jack: If I'm being honest, the first number that popped into my head was 5,000. To do an extended weekend, I mean, that right there could easily be a couple of—it would be more than a couple of thousands. So, the one weekend alone would take the lion's share of that, so that's how I kind of came up with five.

Ramit Sethi: Good. And the coffee, that's nothing, that's a rounding error, 50 bucks a week or something is irrelevant to you. And the dinner once a week, once every two weeks with friends or family, how much would that cost?

Jack: A couple hundred.

Ramit Sethi: Could be. Rachel, what do you think?

Rachel: Yeah, a couple of hundred, and the weekend's what's making it expensive, everything else seems doable.

Ramit Sethi: Well, it's all doable. I mean, none of this is—I mean, you can do this without even spending part of Jack's salary, much less touching this humongous asset you have over here. Okay. Fine. That's fine. I think if you're having a chef cook once every two weeks, it should cost more than 200 bucks, because you're going to have a chef prepare all the food and maybe even do cleanup, 500 bucks, 1000 bucks, depending on number of guests, but whatever, start at 200. Okay. Be my guest. Do it with just the two of you. I don't know. And then, you go, wow, we like that, it would be fun to have some other friends over, let's do it again.

I get it. The chef thing can be hard for people to wrap their heads around because it is just so extravagant in this country, so let me use a more relatable example for Rachel. Back to that hotel, but this time, we're going to use the money lens of generosity.

You're staying at a place where you're paying three or 400 bucks a night. Who's opening the door for you?

Rachel: The guy I'm tipping.

Ramit Sethi: How much are you tipping him?

Rachel: A lot.

Ramit Sethi: Like how much?

Rachel: 20 bucks.

Ramit Sethi: Nice. Nice. Love it. And the lady at the reception desk, how much does she make?

Rachel: I don't know.

Ramit Sethi: Not enough.

Rachel: More than minimum wage.

Ramit Sethi: Yeah, but she lives in New York. And then, the guy who's cleaning the hallways, he doesn't make enough. The bartender, I mean, all these folks, right? And you and Jack have saved, you won, you won the game, and now, you get the chance to be incredibly generous. This is a different way to look at

your spending. This isn't going to change everything overnight. You two can be extremely generous and use your money as force multipliers.

I can't wait to hear how your future discussions go with your rich life, but if I had to sum it all up, you have enough, you two have done an amazing job with your finances, and you are the poster children for successful investing in America, and now, you have a huge rich life ahead of you. It's not about scarcity. It's about turning the page and saying, we did it, we won the race, what do we get to do now?

Jack: How exciting is that?

Ramit Sethi: Yeah.

You might be surprised to know that even though Rachel and Jack are multimillionaires, they have something in common with virtually every American. They have never connected their money to their rich life. Most people think of money as a leash around their neck. It's a restriction. It's the reason they can't buy a car, eat out, or afford a house. Money is frustration. Money is guilt. Money is scarce and it's a shame.

A smaller number of people think of money as numbers in some spreadsheet, but almost nobody can truly connect their money to their rich life vision. How could they? They don't even know what their rich life is. A true *I Will Teach You To Be Rich* reader knows how much they earn, how much they're investing each month, and exactly when they will be debt-free, or when they'll have \$500,000 or \$1,000,000.

They also know that if they make this choice over here, they can take that rich life trip to Italy and drink wine watching the sunset in Rome in exactly two years. You see, they understand how money is connected to their rich life. This could be challenging. Take me, a guy who doesn't cook, if you gave me an exact recipe to make a risotto, I might be able to follow it, but if I said, how do I make it thicker? I would have no idea how the amount of water relates to the thickness of the risotto. I don't even know if this stupid example makes any sense. Chefs of the world, do not write me, it's just an example.

Rachel and Jack have millions, but they have never turned the page on their money psychology. Money didn't seem real to Rachael. That's because she had never used it to fuel her rich life. She had never even thought about what her rich life was. Guys, saving and investing are great, but if you wait until later in life to learn the skills of spending, it is very difficult, for most people, impossible. I hope you appreciate them sharing their story because it's almost unheard of to hear multimillionaires talk this openly. You will only hear it on this podcast.

I did receive a follow-up letter from Rachel and Jack. Let me excerpt a little of what Rachel wrote me. She said, "You were probably able to tell that I'm not a huge shopper, but I am excited about some of the small changes we are making. We both love coffee and our first purchase is going to be a good-quality coffee maker to replace our current garbage. We will be buying coffee from a local shop that donates 100% of its net profits to great causes.

I can get behind spending \$15 a pound on coffee as I believe they're doing good things with their money. I'm going to get a new iPhone, I still have a 6S, please stop laughing. I feel like I am ready to flip the switch and start enjoying the fact that we have managed to get ourselves to this place. So, again, thank you."

Podcast Episode 41: My wife won't admit her business is failing, and we constantly argue about it

Synopsis: It's common knowledge that building a business takes time—but how long should you be willing to wait? Rob works a full-time job. Olivia is split between part-time work and her own business. Rob doesn't think her business is making enough money and has been urging Olivia to call it a loss and get a "real job." He thinks her entrepreneurial dreams are holding them back from making their current reality more comfortable.

What they're doing isn't working. Whether Olivia doubles down on the business or takes on a regular job, one thing is certain: in order to live their Rich Life, something has to change.

Podcast Transcript:

Ramit Sethi: I'm Ramit Sethi, and welcome to I Will Teach You to Be Rich. Today, we meet Rob and Olivia. Rob makes \$70,000 and Olivia makes \$20,000, but they only have \$5,000 in savings, that's why they wanted to talk to me. Rob works a full-time job, and he's frustrated because he feels like he's carrying the financial burden in their relationship. Olivia splits her time between part-time work and her own business. But Rob doesn't think her business is bringing in enough money. He believes it's time for her to admit it's not working and for her to get a job.

I wanted to speak to them because, in lots of relationships, one partner will decide to make a change. Maybe they'll get a new job. Maybe they'll start a new business. And it affects both of their finances. But what if the new job requires a pay cut? What if the new business doesn't take off? And how long can a relationship last if one partner's financial contributions start to feel unfair?

Well, I started today's episode by asking Olivia and Rob to tell me about a recent trip they took to a furniture store. Because I want you to hear how their income disparity is affecting their lives. Welcome to the show. Let's listen in.

Olivia: All of the items that Rob tended to look at were of a higher price range than I wanted to spend and, quite frankly, that I feel we could spend. And I just constantly felt myself saying, "No, that's too much. No, that's too much. No, that's too much." And every time I said it, I could feel the increasing frustration with Rob trying to find something that, I guess, satisfied both of our needs. And it seemed like it was a harder situation than it had to be.

Ramit Sethi: What was the difference in price between the ones you were looking at and the ones he was looking at?

Olivia: I wanted to spend, like, between 1,000 and 1,500. Whereas, Rob was okay with spending 2,000 and up and around there, going for something that was leather, a little bit bigger, a little bit more luxurious. Right now, it's too much because we have a very limited budget as we just purchased the home, and we have to be very mindful. And if it was one of those things where if we purchased that couch, we would have to very much sacrifice in other areas.

Ramit Sethi: And is it common between the two of you that, Olivia, you are the one who's pulling for the lower priced item and Rob is going for the higher priced item?

Olivia: For the most part, I guess I would be the one that wants to sort of keep things minimal budget.

Ramit Sethi: Okay. So, what did you end up doing with that couch?

Olivia: We ended up finding one that was 1,800 and we both liked it, so we made a compromise.

Ramit Sethi: So, what's the problem? All right. So, you both approached it from a different perspective. You seem to find a middle ground. Would you say that that worked out well?

Olivia: It did, but I felt like there was a lot of frustration from the initial decision or from the initial idea to look for something for when we got to the decision process. I feel like it didn't have to be that frustrating or that difficult.

Ramit Sethi: So, in a magic wand world, what would that scenario have been like? You walk into the furniture store together, what would have happened? Walk me through it.

Olivia: We would have looked at the sectionals rather than the price tags on the sectionals, first and foremost. And I think at that point, what he wanted, as long as it was the right colors and the right decor, I don't think the price would have mattered then. So, I think it would have been maybe a little bit of a debate about a particular color. But I think that the decision-making process would have just been simplified.

Ramit Sethi: So, the magic wand for you in that scenario was what?

Olivia: If we had a higher budget, it would have been easier for us to spend that money to make that decision.

Ramit Sethi: It's kind of interesting that Olivia's answer to my magic wand question was, "We would have had more money." It's like, okay, yes, that would have been nice. But what would have changed about the way that the two of them made decisions? She didn't talk about that. I'll come back to that later. But, first, I want to hear from Rob.

Okay. All right. Great. Rob, now, you tell me about your perspective on what happened when you walked into that furniture store. What happened?

Rob: It was frustrating to have to see all these things and you can't afford it. Like, you're limited to one or two pieces. And it's frustrating when I know that we don't have to be in that situation.

Ramit Sethi: Yeah. Why don't you have to be in that situation?

Rob: So, a lot of the sort of circles around the pivotal conflict, I think, that we have in regards to finances, it could be a little selfish. But Olivia, she's been an entrepreneur, she's been doing her own thing for a few years now, and it's not working out. And it frustrates me because I feel that's kind of holding us back. So, I feel like if she had a better understanding of, "Okay. This isn't working. Maybe I should do something else." I think if that was the case then I think we could have more financial freedom and we could reach our financial goals a lot faster.

Ramit Sethi: What's the breakdown of earnings between you two?

Rob: I make around 70. I'm a salary guy. I work a regular 9:00 to 5:00 job. Her schedule is a lot more irregular. Olivia, why don't you elaborate?

Olivia: Last year, for instance, my income was \$20,000.

Ramit Sethi: How long have you been working on your business, Olivia?

Olivia: About four years but part-time. I've never been 100 percent fully self-employed. I do contract work and consulting as well on the side to supplement the income that I'm not making, essentially. I know that if I were to dedicate 100 percent of my time, I would yield results a lot faster. But I feel like I can't do that because I would be giving up the income that I do have to whatever small amount that contributes to our household. And I feel like it would make things even harder.

Ramit Sethi: Do you agree with Rob's characterization of feeling frustrated that you had to look at these sectionals that were sort of not what you had in mind?

Olivia: Yeah. It was frustrating, for sure. And like Rob said, once you walk in the store and you kind of start looking around at prices, like, that's kind of when the reality hits you. I mean, I was aware of furniture and pricing. But until I owned my own home, I never really had to buy it for myself. So, there's been a lot of eye-opening experiences in these last couple of months preparing for that. It felt disappointing. It felt like at the age and stage where I am in my life, I felt like I should have been able to, I guess, afford more, essentially.

Ramit Sethi: What about Rob's comment about your business has been going on for a while, but it hasn't worked out.

Olivia: I mean, it's not the first time I've heard that. It's not the first time we've talked about our jobs with each other and expressed our concerns, essentially, about each other's careers. And I understand, Rob's sentiment about the business not working and being frustrated. But when we decided to get married, I was an entrepreneur at that point and I was very transparent with him about my level of work and what I was able to do. And there's a part of me that feels that it's very unfair for him to turn around and be upset at this point because I feel like he knew what he was getting into. And that might be selfish as well, I recognize that.

Ramit Sethi: Did you talk about this before you got married?

Olivia: We did have some discussions, but it wasn't to the in-depth point of, like, pulling out a sheet with financials on it and saying, you know, this is my monthly earnings, this is my yearly earnings. It wasn't that detailed.

Ramit Sethi: When did that happen, if ever?

Olivia: Like, the detailed stuff you mean?

Ramit Sethi: Yeah.

Olivia: Honestly, when we were going through the process of qualifying for a mortgage to buy a house.

Ramit Sethi: Oh, my God, you guys. So, you didn't pull out your financials until you were already married, is that right?

Olivia: Well, we had a verbal discussion. But in terms of detailed discussions, like itemized, yeah, the itemized stuff came until after we were married.

Rob: You know, I was very patient. She'd been doing this entrepreneurial thing for over, I think, five years now.

Olivia: Although, I have...

Rob: So, I was understanding, I said, "Okay. That's fine. You could stop working this full-time job that you're working to make sure you have the time to do this." We would go to shows together. And so, I hung in there, you know, I was working long hours and sometimes I felt the load wasn't even. Like, sure, I understand she's trying to grow her business, but you're going on five years now, and it's kind of come to a point where you have to see that something's not working out and you have to change something. Like, you're not living the life you want to live.

Olivia: But I'm also not working the career I want to work. I want to be able to work for myself 100 percent of the time, and I can't financially do that because that would be putting all of the financial burden on you rather than most of it. And then, that puts us in a different predicament. So, this is the best that I could do.

Rob: But it's not working. I mean, a good entrepreneur can realize when something's not working and then adjust.

Olivia: But I've never lost money. Like, I'm not making as much as you want me to...

Rob: But you got to think about the opportunity cost. You could be making a lot more doing something else.

Olivia: You're right. And I could be making a lot more by not doing the side jobs that I'm doing and the consulting, and focusing completely on my business, which is what I originally wanted to do. But we're at a point now where it looks like I won't be able to do that because we won't be able to support all of the household costs.

Rob: But I think you've had more than enough time to make it work.

Olivia: Okay. Ramit, maybe we need a mediator at this point. So, this is where we have a lot of our frustrations and a lot of our conversations, basically, like, come to this intersection.

Ramit Sethi: You know what I noticed? That everything they just told me sounds pre-rehearsed. Like, they've had this conversation a million times. Like, it feels comfortable for them to be arguing like this. I decided to push on this. I want to probe into it because, very often, if people in a relationship are doing something, even something that seems destructive, they're usually getting something out of it. You two seem to be enjoying that. Did you both enjoy that back-and-forth that you just had?

Olivia: No. Not really.

Ramit Sethi: I think you did. Let me guess, you've had that same back-and-forth a hundred times before.

Olivia: Probably a thousand.

Rob: Yes.

Ramit Sethi: Okay. I have some things I can talk to you about, but first I want to understand what are you both getting out of that.

Olivia: Out of that mini conversation we just had?

Ramit Sethi: Yes.

Olivia: Nothing. To be honest with you, it just ends in frustration.

Ramit Sethi: No. You got something out of it because you've done it a thousand times. Tell me this, what did you just feel at the end of that conversation?

Olivia: Like I made a point. Like I stood up for myself.

Ramit Sethi: Yeah. And what did that feel like?

Olivia: It felt good to stand my ground.

Ramit Sethi: Yeah. What else? How else would you describe it?

Olivia: I don't know, like, a feeling of just honesty, of just being straightforward. It's just how I feel.

Ramit Sethi: And if you share how you feel, that means that you are what?

Olivia: That I care. That I'm invested.

Ramit Sethi: Yeah. That you're honest. That you're the kind of person who tells it like it is. And, also, you don't back down. Is there anything else?

Olivia: I don't know. Sorry. It's a weird question. No one's ever, like, asked me that in thinking about this. I don't know what to do.

Ramit Sethi: Let me show you something.

Olivia: Yeah, please do.

Ramit Sethi: Let me show you something. Tell me the quadratic equation. Do you remember it?

Olivia: No.

Ramit Sethi: No. It's uncomfortable to be asked that question, right? It makes you feel like, "Oh, something I learned in third grade." It's uncomfortable. Did it feel uncomfortable to have that conversation with Rob just now?

Olivia: A bit. Yeah. Yeah.

Ramit Sethi: To me, you looked very comfortable.

Olivia: Well, it's just that I've done it so many times before. It's like – I don't know – clockwork. It's just like a habit. It's just, like, how I respond.

Ramit Sethi: Aha. It's like brushing your teeth. It's like coming home after a long day. It's comfortable. The two of you got right into a groove. I was just sitting here with popcorn, just watching. "Okay. He's going to say this, then she's going to say that." And you two were just overlapping like you've done it a million times. It feels comfortable. What do you think you get out of that?

Olivia: To be honest, I don't know. I think maybe it's like a pseudo-resolution. Like, for five minutes, it feels like I said something. And then, until we look at our finances the next time this conversation happens again.

Ramit Sethi: Yeah. Yeah. It's like people who tell themselves, you know, "I really should work out. Maybe I'm even going to pick out some outfits to put on tomorrow. All right. I really should do it." And then, they do everything except get up and go outside for a walk. But it almost feels productive to go through the entire process and not go outside. Just like the conversation you just had. Bingo.

Olivia was very honest about what she was getting out of this. It feels honest to talk like this. It feels like she did something productive. But, ultimately, she accomplishes nothing. These are the kinds of games we play with ourselves. We subscribe to TED newsletters, but we don't take action. We follow 20 productivity experts, but we don't go to sleep an hour earlier or use a calendar.

It's funny, in self-development, many of us do everything except the one thing that works. This has two consequences. First, it makes us feel even worse. If we tell ourselves we tried everything, even though we didn't, and then nothing changes, what does that mean about us? Maybe I'm just a failure.

Second, it damages the bonds in a relationship. Imagine how that adds up month after month, year after year just the arguing over and over. We all know couples whose only way of communicating is bickering. Well, how do you think they got like this? You are looking at a crystal ball with Rob and Olivia.

Rob: It's damaging. It damages our relationship. It hurts Olivia.

Ramit Sethi: Ask her.

Rob: Does it hurt you, Olivia?

Olivia: Yeah. A little bit. Yeah.

Rob: Do you want me to stop being so – maybe I'm being a little too aggressive or impatient?

Ramit Sethi: Rob, try this. Ask her, "What does it feel like to you?"

Rob: What does it feel like to you?

Olivia: It just makes me feel like a bad partner. Sorry. Ramit, you should have told us to bring tissues too. It makes me feel like a bad partner and a bad entrepreneur too.

Ramit Sethi: Rob, ask her why?

Rob: Why do you feel like that?

Olivia: Because it highlights the fact that we're not contributing equally financially to our marriage. And I think that's unfair. And I know you think that's unfair. And it just puts a lot of stress on me. It just makes me more aware of the fact that I'm not where I want to be in my career and I'm not in the income bracket that I want to be. And I feel like you have to suffer on account of me. And I don't like feeling like that. I've contributed that directly to your suffering or your not being able to experience the things that you want to in life.

Rob: I mean, it's important to understand my concerns are mainly coming from a place of love. It's not that I want to beat you down or make you feel bad. That's not my intention.

Olivia: I know. But the place they come from and the place they end up are two different places.

Rob: Do you think maybe we can work together to get through this, Olivia? What can we do to make it better?

Olivia: I think a little bit less pressure and a little bit more support would go a long way. And if there's anything that I can start communicating to you to make you feel more at ease and more confident with my abilities to grow my business, I'm happy to do that as well.

Rob: Would you be willing to think about an alternative or maybe start thinking about something else?

Olivia: I mean, I don't want to.

Rob: What do you want me to do to maybe help you?

Olivia: A lot of it comes down to, again, just in the vocalizations of your concerns, and how you say things to me, and how you talk about my business. And when you say things like it's not working, it just makes me want to work on it more and put more time and effort into it. And it makes me almost not want to consider other options because it kind of creates a hyper-focus for me now of, like, now that there's an even bigger glaring problem, I want to fix it that much more.

Ramit Sethi: You have some very valid concerns, Rob. I want to hear them. Tell her how you feel.

Rob: I feel the pressure, too. I mean, we're barely making ends meet. I guess it's a big strain. It's a big strain and I want to fix that strain. And I'm not sure if we still keep following this course, I don't know if it'll get better.

Ramit Sethi: Which makes you feel what?

Rob: Anxious and stressed out. It plays on my nerves, on my mind.

Ramit Sethi: Olivia, do you want to ask him any questions?

Olivia: I don't know. At this point, I don't know.

Ramit Sethi: He just said quite a few blockbusters here. Did you hear the words he used? What were those words that leaped off the page? What were they?

Olivia: Anxious.

Ramit Sethi: Anxious? What else?

Olivia: I think he said worried.

Ramit Sethi: Worried? Don't you want to know what he means by that?

Olivia: When you say you're anxious, Rob, what does that involve? What does that look like to you? What do you see in your life that exemplifies that?

Rob: Well, now, with our mortgage payments, what if our car breaks down? I don't want to have to worry about getting a loan to pay for things that might come up just everyday living. What if we have to replace

the roof? We inevitably do. We need to make sure the funds are there. And I know it's compounded now because we bought the home. So, now, we have these fears because it's a big expense.

Olivia: Well, how long would you be willing to spend supporting me as an entrepreneur? What's, essentially, your cutoff date? You mention all the time about how I'm not making enough money, but then what's an actual figure? What would be an acceptable figure?

Ramit Sethi: I don't want to go down this road.

Olivia: No? Okay. Sorry.

Ramit Sethi: I noticed that the two of you love to jump to tactics and timelines quickly. But as soon as you get there, then you both get unhappy with each other. Have either of you noticed that?

Olivia: Yes.

Ramit Sethi: Like, your first two questions, like, "When's it going to be in? How much is it going to be?" And then, you both get upset and you start being "honest". Honest is code for hurtful in your relationship. The need to be honest, it's not working for both of you. Honest is just a code for hurtful. So, we're going to try to rewind. Rob was saying quite a few interesting things about how he felt. Do you agree with him?

Olivia: I mean, I suppose I do. I see where he's coming from. And the reality is, depending on the price of said event or item or whatever, most likely we would have to skip out on it because of where we are right now.

Ramit Sethi: Do you think it might be helpful and nice for him to hear that you agree with him?

Olivia: Probably. Yeah.

Ramit Sethi: Have you ever told him that you agree with a lot of his concerns?

Olivia: I feel like I have. But, now, that you're making me recollect, I don't know if I've ever said it that literally.

Ramit Sethi: Go ahead.

Olivia: Rob, you are right. I do support you, and I understand what you're having to say and they're genuine concerns. You have a right to feel that way, and it's completely reasonable to be concerned about those occurrences.

Rob: That's reassuring. It's nice to hear that, Olivia.

Ramit Sethi: That was a pretty amazing dialogue. I noticed that Olivia might have acknowledged Rob's concerns before, but she never actually told him. If you don't tell your partner something in a way that they understand, it didn't happen. I also tried to give them a different way to look at their communication. They talk about honesty a lot, but in their relationship, honesty is simply code for being hurtful. There's a great book that covers this, it's called *What Got You Here Won't Get You There* by Marshall Goldsmith. And he talks about the excessive need to be me. That feeling that I've got to be honest. I've got to put it all out there. I've got to let them know who I am. Which, can serve you in the early parts of your career but it can become destructive as well. The excessive need to be me. I'll tell you, I'm impressed so far. Olivia and Rob, are aligned in lots of ways, so I want to build on that. We have a foundation to stand on together, so I'm going to use that to start talking about numbers.

Olivia, do you know what number would make him not feel scarce anymore?

Olivia: To give you an exact number, no. I could probably say I'm sure if I was making \$40,000 or 50,000 a year and above, he'd be happy. But I don't have an exact number for him. I don't know if Rob's ever given me an exact number.

Ramit Sethi: Well, have you ever asked him?

Olivia: I don't know. I don't think so. Now, that I'm thinking about it, I don't know if I ever did.

Ramit Sethi: Do you know why you haven't asked him?

Olivia: Why?

Ramit Sethi: You were too busy being honest and getting something off of your chest. You two are throwing a 45-pound weight back and forth because it's too heavy to sit on your chest. So, Rob, when it's on your chest, you can't breathe. So, you know what you do? You toss it over to Olivia. Olivia hates the feeling of it. Olivia tosses it right back. He never offered, but you never asked. Well, guess what? We have a golden opportunity right now. Go ahead.

Olivia: Okay, Rob. What's the magic number? What would I have to make for you to feel comfortable?

Ramit Sethi: Are you assuming that it's a number that would make him feel comfortable? Oops. That was my mistake. I asked Olivia if she knew Rob's number, and then when she asked it, I hit her with this gotcha question. So, my mistake. Sorry, Olivia. You were just asking Rob what I suggested.

Olivia: I am assuming that, you're right. Good catch. Rob, what would it take to make you feel more secure?

Rob: I don't know, maybe a schedule or a plan, a detailed plan. You know what I mean? And more honesty with that plan.

Ramit Sethi: Rob, if she does all that and the business doesn't generate any more revenue for the next six years, but she's changing and iterating, et cetera, are you going to feel secure?

Rob: I think I would. It depends. I think if I make more money, then we have more of a cushion, you know what I mean? So, even if our business stays the same, the income doesn't change, but if my income changes, then I feel I'll have more security.

Ramit Sethi: How much does your income have to change?

Rob: We're almost there. It's just that I feel we can get there with an extra, maybe, 20 grand, like two grand a month.

Ramit Sethi: So, let's talk a little bit about what you both can do because I understand that what you're doing right now is not working. Would that be fair to say?

Rob: Yes.

Ramit Sethi: Okay. Well, here's what I see. Life is fine. You both make a fine amount of money. It's fine. Your housing expense is at the upper bound of where it should be. You live in a high-cost-of-living area. Some people in those areas even stretch a little bit more.

But by how much you're spending on housing and by your income, it doesn't leave a lot of extra to play with. That's reflected in your savings, which is \$5,000. It's reflected in your investments, which is 1,500 bucks. A very, very modest amount at your age.

So, when you talk about having basics, things like an emergency fund or being able to fund a leak that might happen in your house or some kind of roofing issue, you know, you're certainly at risk. If it were me, I would be pretty nervous in this financial situation. Everything probably will go fine, but I don't want to be in a situation where it doesn't go fine, so that's number one.

Number two, this word freedom, Rob, that I heard you mention, the freedom to take a trip and not have to worry about how much it costs, the freedom to say, yes, we'll go out to dinner and not worry if everybody orders an extra round of drinks. That freedom is not there. It's not there psychologically. It's not there financially either.

And then, the third and I think most challenging aspect is that the two of you are tossing this weight back and forth. And you're not rowing in the same direction. You're not a team right now. You're adversaries. It's hard enough to win in life as a team with two people rowing in the same direction. It's impossible to win when you are repelling each other going in different directions. So, how do you think that we could solve this? I'm not asking what the solution is yet. But how do you think we could solve this?

Rob: More thorough financial planning. I think we have to start budgeting. And I think we have to be realistic about our finances and we have to start investing. We can't just leave it as an afterthought. I think we have to be more mindful and we have to be more active with our money.

Ramit Sethi: What does that mean specifically? Budgeting, be active, what does that mean?

When you ask people how they might find a solution, they will almost always give you bad answers.

Here's what they do, they'll give you answers that sound logical. "We need to keep a budget. We need to be active." None of those are the real answers. Honestly, if a budget would have worked, you would have done it already. I don't even like budgets anyway. It's not that people are trying to evade the question. It's that we naturally answer with what's top of mind.

It's like that game Family Feud. If I asked you, what's your favorite meat? Almost everybody would say chicken. It's what's salient in our mind. What are you afraid of getting hit by? A car. Or if you're Indian, your mom's Donda.

My job is to help people go beyond the obvious answers that don't work. Think about these phrases that we toss around. "Follow your passion," usually shared by billionaires who do not have to work with a profit motive anymore. Or, "Work smarter, not harder," usually shared by a 23-year-old Instagram influencer whose parents pay for his Subaru rental. These kinds of phrases make people feel good like they discovered a secret that other people don't know. In reality, they're bromides, phrases that make us feel good but don't do anything for us.

I mean specifically. Budgeting, being active, what does that mean?

Rob: Financial planning was always kind of in the background, you know what I mean? I think now it has to be something that we make an effort into, look into, and take time to plan, and make sure that we're fine, and that we're putting our money where it needs to go.

Ramit Sethi: So, planning, that's one answer. Good. I agree. What else, Olivia?

Olivia: I think it would be beneficial for me to reevaluate where I am in my career and make some definitive, positive changes. What I deem to be positive changes for my own business.

Ramit Sethi: And what would that get you towards? What would the end outcome be?

Olivia: To generate more revenue, essentially.

Ramit Sethi: How much?

Olivia: And then, increase my income.

Ramit Sethi: How much?

Olivia: Are you talking, like, a yearly goal? Or in what parameters?

Ramit Sethi: I don't know. You tell me.

Olivia: If I could be making \$10,000 more by next year, I would be happy with that. To a point where if I could one day be making over \$50,000 annually, I would be very happy with that right now.

Ramit Sethi: Hold on a second. How much are you currently making?

Olivia: \$20,000.

Ramit Sethi: Okay. So, when you say I would be happy making 10,000 more...

Olivia: Right. Like, for a yearly goal, for instance. Like, for next year take my income from 20,000. If I could make whatever changes I needed to in my business to get me to that next step of revenue, I would feel more comfortable. I would feel more confident. And I think Rob would also feel better as well if he saw that financial progress.

Ramit Sethi: Is that true?

Rob: Yeah. I think so. But, Olivia, that 20 grand, that also includes the jobs that you're working part-time that take away from your business, so you can't lump that together.

Olivia: Well, I would, obviously, at this point have to continue what I'm doing. I couldn't give up my consulting on the side because we still need that supplemental money. However, I do feel that once we have our place, and when a lot of the dealings with the house will be behind us and my schedule will free up, I can designate that time to make those changes.

Ramit Sethi: Olivia is cruising. She's giving me an answer she thinks is right. It sounds logical. It feels good. But I'm not buying it. Here's where I step in and gently push her. This is going to be the theme of the rest of this episode, me getting her to believe in herself and to think bigger. To push her beyond what she thinks is possible. Because sometimes you need someone who believes in you even more than you believe in yourself.

I'm not following along. Let me tell you why. Olivia, you said I would be happy if I went from 20K to 30K.

Olivia: As a one-year goal.

Ramit Sethi: Yeah. You might be happy with that, but would that materially change your financial situation? I'm talking about the two of you.

Olivia: At this point, not a huge amount, but I think it would be enough to make a progression towards a place that we were both happy with.

Ramit Sethi: And how long would that progression take to get there?

Olivia: My goal would be within three to five years.

Ramit Sethi: That's too long, I'm just going to tell you point blank. You're 31 years old, right?

Olivia: Yeah.

Ramit Sethi: Thirty-one years old, you want to wait until you're 35 or 36 to be making, what, \$50,000?

Olivia: I mean, I would ideally like to make more than that, but I'm just trying to find what seems to be a reasonable increase. I don't think I'm in a field where, like, a 30, 40, 50 percent increase in my revenue would be possible. I mean, it does depend on the person ultimately. But from what I've seen, it's that slow and steady progress. I don't know if I will ever hit that exponential progress.

Ramit Sethi: What do you notice about Olivia's response? She's laid it all out there for us. She's not earning what she wants. But instead of comparing herself to what she could be earning on the open market, she's comparing herself to where she is today. But where she is today is a place that her own decisions brought her to. So, she's picked a low benchmark. And then, she said, "Well, it's low, so I can't go anywhere from here." She's created a tautology.

This is what I mean by the costs of indecision. Every day you're at a job you don't love, you know, the one where you're underpaid or not respected or not learning any skills. You are creating a belief for yourself that that's what you're worth. After a few years, it's almost impossible to see out of the fog. Same with being in a bad relationship. Same with not investing enough. It might seem like a small problem today, "Oh, I didn't put aside, Ramit has Recommended 10 percent, 15, 20 percent."

But over time, that problem compounds and eventually becomes very difficult, if not impossible, to fix. Olivia is underselling herself, and I'm going to need to be unusually direct to get her to see that.

How much did you make in your business last year?

Olivia: Around 8,000.

Ramit Sethi: Okay. So, you made 8,000 from your business last year?

Rob: Yes.

Ramit Sethi: What number should you be making in a business that you are doing that contributes to your relationship, your marriage, and your career fulfillment? At 31, how much should you be making a year in your own business?

Olivia: I would like to be making ideally more than 50,000 a year.

Ramit Sethi: Very good. I agree. Now, if you come to me and said \$22,000, that's bullshit. You're just comparing it to 8,000. 50K, okay, now, we're talking real numbers. And, realistically, if you're putting in all this work, probably working weekends, probably working late nights sometimes, as an entrepreneur, you ideally want to be making more than you could be making at a full-time job. So, give me another number that would account for all the time and risk you're putting in.

Olivia: Higher than that, maybe \$75,000.

Ramit Sethi: Okay. Do you notice that what you want to make in your own business is only 50K? Does that seem peculiar to you?

Olivia: Well, I mean, if you asked me about my lifetime goals, I would love to make seven figures annually. But I also understand that you know, you've got to take it step by step. So, in my mind, my next

step is to make 50,000. Once I get there, I want to reevaluate my financial plan and say, now, I want to make whatever the next increment I decide is.

I mean, again, ideally, yes, a seven-figure or high six-figure income would be fantastic. But it also is a bit of a pipe dream when I know what I'm currently making and I know how long it can take people to grow their revenue, essentially. So, I'm trying to be realistic.

Ramit Sethi: Yeah. Realism is good. Nobody's talking about seven figures at this point. So, let's just take that out of the equation. But, Olivia, you've been stuck making less than \$10,000 in your business for five years. Do you see that your dreams have shrunk and shrunk?

Olivia: Yeah. I do.

Ramit Sethi: Think back to when you were 20 years old, what did you imagine you'd be doing in your 30s?

Olivia: Making a lot more working, like, a 9:00 to 5:00 salary job.

Ramit Sethi: Yeah. And, now, I don't mind that you want to be an entrepreneur. I'm an entrepreneur. It's great a lot of times. Sometimes it sucks. But that's the life. Fine. But I'm talking about your dreams. Your dreams went from an upper middle class, as you described it, to taking vacations and having a house, so I hope that over ten years of this business I can make \$50,000 a year. Olivia, that is not a dream. Does that dream excite you?

Olivia: I mean, from what I'm making right now, no.

Ramit Sethi: No. Don't compare yourself to where you are right now. Where you are right now is a place you don't want to be. So, let's not benchmark against that. Talk to me about where you want to be in your rich life.

Olivia: Yeah. I would love to be making more than 50 grand. I would love to be making six figures, ideally.

Ramit Sethi: Okay. Six figures. Now, maybe you won't get there tomorrow, but at least you've put an intention out there. Okay, fine. Okay. Let's come up with a plan. Listen, you make 90K household income. How much would you need to make per year for both of you to feel good? Not great. I'm not talking about \$1,000,000 a year. To feel good.

Olivia: \$150,000.

Ramit Sethi: Where'd you come up with that number?

Olivia: Just looking at 150 divided by two would be 75,000. So, I figured if we were both making that, that seems like quite a reasonable income that we could, again, satisfy all of our financial goals with.

Ramit Sethi: Okay. Well, at this stage, there's no magic formula. We're just pulling it out of thin air, and that's okay.

Now, I want to get them to zoom out of their day-to-day money situation and describe their rich life vision. This isn't just a gimmick. It's a way for them to get out of the weeds and paint a vivid picture of what they want to do. This is what they're working for. And if they decide to make changes, this vision is what's going to keep them focused. A specific, personal, rich life vision is a thousand times more motivating than cell F13 in a spreadsheet. As Rob and Olivia describe their vision, notice how their tone changes.

Olivia: We go to Italy and we pour it from there. There's a ten-day cruise that's a part of our itinerary. And we go through the Mediterranean, and we see many cities, and stop and try all of the different foods that we want. And then, after the cruise portion, we go to the rest of Europe that's not on the coastline. And we go visit lots of different countries, and eat all of the different foods, and see the beautiful landscapes, and maybe see family there as well.

Rob: Go up to Rome, see The Coliseum. I just want to sit back and watch the sea with the pizza, a cocktail, or maybe an espresso, depending on what time of day, and just take the heat. Ideally getting away from the Canadian winter, that's probably the best time.

Ramit Sethi: What would you two feel sitting on the ocean side, pizza in one hand, a good Italian beer in the other, watching the ocean in the sunset? How would that feel to both of you?

Olivia: That feels so comforting, it feels relaxing, it feels fulfilling, happy.

Ramit Sethi: I love that. To me, it also would feel like an accomplishment.

Olivia: Yeah. Absolutely.

Ramit Sethi: We did this. We went from – what was that old thing that we now mythologized in this relationship? What was that dark place we never want to go back to?

Rob: The furniture store.

Ramit Sethi: The furniture store, that place. We are never going to go back into that flea-ridden furniture store. And now where are we?

Olivia: We're on the coast.

Ramit Sethi: What a beautiful progression in life. Can you feel the difference as you talk about that trip?

Olivia: Oh. Totally.

Rob: Yeah.

Ramit Sethi: It's different than the typical dynamic when the two of you talk about money, isn't it? It's about dreaming. And by the way, this dream is not a fantasy. Do you see that it's somewhat realistic to be able to take a trip like this?

Rob: Yeah.

Olivia: Yeah. Totally.

Ramit Sethi: Not today, but soon. We're going to get there in just a second. This trip, what you described to me is not a million-dollar trip. How much does it cost? Ballpark it for me. Just ballpark.

Rob: Six grand.

Olivia: I don't know. I was going to say ten grand to afford all the cost.

Ramit Sethi: Ten grand. Okay. So, let's go for the higher number. I like to be conservative. Let's pick the higher number, ten grand. Okay. Could you afford this trip today?

Rob: No.

Olivia: No.

Ramit Sethi: I agree. Could you afford this trip if you made 120K?

Rob: Yes.

Olivia: Probably. Yeah.

Ramit Sethi: Okay. What about 150?

Olivia: Yeah. Definitely.

Rob: Most definitely. Yeah.

Ramit Sethi: Okay. All right. So, as you create your conscious spending plan from Chapter Four, you will see exactly when you can afford this. It may take you a little bit of savings. I think the two of you are going to find a lot of joy in coming up with this rich life goal and putting money towards it every single month, which will happen automatically. Because each month you do that, you're getting one step closer to taking this trip and knowing all your other stuff is being handled. You've got your savings being built and little investment. But you're working towards something that's almost going to transform the chapter of your relationship.

So, we think that maybe at 120 you could do it. Maybe. At 150, you feel very certain. Great. So, it sounds like you have a goal of making 120K in roughly the next 12 months in your relationship. Is that fair to say?

Olivia: Yeah. That's reasonable.

Rob: I think so, yeah.

Ramit Sethi: Okay. So, you're at 90 right now. Let's talk about what are your options to get to 120.

Olivia: I think a very easy answer would be to increase my income. Rob and I could both collectively increase our incomes.

Ramit Sethi: Okay. I'm going to ask each of you, how could you do that. Rob, let's start with you. How could you increase your income in the next 12 months?

Rob: I think, for me, it'd be maybe incorporating some kind of a side hustle, putting in some weekend work, buying Bitcoin – I'm kidding. Yeah. I think maybe just more side hustles or maybe even getting into some kind of a hobby, maybe like woodworking or refinishing furniture. I don't know, like, that's the immediate thought that comes to my mind.

Ramit Sethi: Okay. And would you be interested in doing something like that?

Rob: The problem is, now with work, especially now we're moving further out, I'll be out of the house for, like, 12 hours a day. It's hard for me to say yes 100 percent because I might just not have the energy to do it.

Ramit Sethi: Okay. Fair enough. So, let's say that's a maybe. We understand some commute changes are going to happen. Fine. But there is an option from your end. Good to know. Olivia?

Olivia: Yeah. I mean, I could stop doing the consulting and find another job that could provide a more regular, steady income. And, also, having a more predictable schedule would allow me to work in my off time more efficiently as well, I think. So, I think it's a combination of both. I could focus a little bit more on the business and make the progress I want to. And I won't have to worry that my other income is lacking because I'll have, again, the regular paycheck, the regular schedule. It makes it a lot easier to plan from that point in time.

Ramit Sethi: Okay. In terms of your business, I want to give you a couple of suggestions. I never think it's a good idea to tell an entrepreneur to close down your business. Because entrepreneurs are kind of delusional, and if somebody tells them that no matter how bad the business is doing, they go, "I was just about to make it." You know, in a way, it's like a gambler's fallacy. So, you can't do it. You can't do it. There's a different way to do it, which is this, let's create a concrete, quantifiable goal. You do whatever you need to do to hit that goal. But if at the end of the period that we all agree on, the goal is not hit, it's time to say bye-bye to this business. You're so young and you have such a long life – hopefully, this business hits big. But if not, you probably have five other businesses in you – and it would be a tragedy for you to be wasting years of your life on a business that is just not taking off. So, tell me what these numbers and these goals are for you to decide if this business is going to go on or end.

Olivia: By next year, I would like to generate \$50,000 as income.

Ramit Sethi: That's good. But next year is a very broad time range.

Olivia: I mean, I guess by the end of next calendar year.

Ramit Sethi: You want to wait over 13 or 14 months? That seems way too long. Why don't we start by asking Rob? Rob, what would be a reasonable timeframe for Olivia to try whatever tactics she's going to try with her business and to determine if the business has legs or needs to shut down?

Rob: Six months. Six months, maybe even less than that.

Ramit Sethi: Like what? Rob's about to say, like, "Two weeks, and then toss it out."

Olivia: Rob was about to say yesterday.

Ramit Sethi: That would be Rob's, like, "Two weeks, and then this thing is shut down." All right. Give us another number, Rob.

Rob: I think maybe, like, four months. I think four months is plenty, especially because it's not like you're starting it from scratch. So, I think if you're going to make any changes, you're probably going to see the results sooner rather than later.

Ramit Sethi: Okay. Do you notice what I've been doing this whole conversation? What have I been doing differently than what both of you typically do?

Rob: You're telling us to, maybe, communicate with the other person more instead of imposing our ideas and will.

Ramit Sethi: Yeah. Ask a lot of questions. So, I like what you just said, Rob. But, ultimately, who has to agree to this?

Rob: Olivia. Olivia has to be able to do more...

Ramit Sethi: Let me give you a hint. The more words you use, the worse it's going to be. And this is for both of you, the more words you use, you start to lose all power and meaning. And the other person, because of the relationship that you formed, is looking for a way to knife their way out of it. So, think before you ask this question and make it crisp.

Rob: Do you think four months is enough, Olivia?

Olivia: It sounds a little short to me. I think six months would be more reasonable.

Ramit Sethi: What's the difference between four and six?

Olivia: I mean, two months, you could make significant progress in that amount of time.

Ramit Sethi: All right. While you're working on this business, what's up with finding the job as well?

Olivia: I'm not prepared at this moment to apply, so I feel like I would need a day just to sort of get a resume to get me up to speed. But I feel like within a few weeks, maybe a month, I could find alternate employment.

Ramit Sethi: That's pretty interesting.

Olivia: Yeah.

Ramit Sethi: I love your confidence, by the way. That's awesome. I love that. It takes me a day to get my resume. Look how fast you're moving. How come you move so fast on that?

Olivia: Because I feel very confident about the things that I'm in control of. Like, I know I could do my resume. That's completely up to me. I feel that I start to get nervous when other people are involved in things. When there are variables, that's what concerns me.

Ramit Sethi: I agree. I hate the variables of people myself. Sometimes I'm like, "Can you guys just do it my way? What's the problem here?" I feel you on that. Okay. You can get a job within a few weeks. I love it. And that job is going to pay you, again, ballpark it for me?

Olivia: I'm thinking around \$40,000, at least minimum.

Ramit Sethi: Up to? What's the high end of that reasonable range?

Olivia: Let's say 50,000.

Ramit Sethi: Great. Aim for 50. If you only make 40 – Rob, how would you feel about her making \$40,000 a year steady income?

Rob: I feel great. I think that helped out.

Ramit Sethi: Yeah. Good. Good. So, 40 to 50, aim for 50. I think you could do it. It's a good labor market, too. Really good labor market paying a lot of money. So, do that. And because you're so confident – and I love it – I agree with you, Olivia. I think you can take the extra two months. Put that six months into your business, you know, weekends, nights, whatever it is that you need to do, and give yourself a full shot at success. And the reason that you get, in my opinion, six months rather than haggling over four is, hey, you're earning money with your full-time job. That's fantastic. So, it's like a win-win for everybody.

Olivia, for you, you're going to restart your career, which will be great. You are going to have a predictable schedule, which will be awesome. You're going to have some time to focus on your business and a clear six months to get this thing going or put an end to it.

And, of course, Rob, you're going to get stability and higher income for the household. And what are the two of you going to get with this, by the way? What's that thing that we're working towards?

Rob: A trip. A trip to Europe.

Ramit Sethi: Yeah. It's very concrete. Of course, you'll do all the automation and investments. Of course, you're going to do all that, but that doesn't get you up in the morning, does it?

Rob: No.

Olivia: No.

Ramit Sethi: It's the ocean-side pizza. That's the vision that I want you to talk about every single month, "How are we doing? How are we doing? Italy. Greece. Oh, can't wait." Now, I just have a question for you, Olivia. How do we know at the end of six months whether the business is "successful" or not?

Olivia: Well, I think before beginning this new re-imagined business journey, it's coming up with a figure. And if I can hit that figure, I think it's a good indication that I'm making the progress that will help build my business to the level I want it to.

Ramit Sethi: I agree. Let's do the number right now. Go ahead.

Olivia: I would say \$15,000 as the first increment. If I could go from making, like, eight grand last year, basically doubling that, making 15, I would be higher than that.

Ramit Sethi: Again, Olivia is benchmarking against what she currently makes instead of what she could make on the open market. She's essentially self-handicapping or giving herself a way to dream smaller. That way, if she makes \$15,000, she can say, "See, I did it." But \$15,000 won't change her life. It's not meaningful. It's a number she set because she feels scared to dream bigger.

Experienced entrepreneurs know that you're going to work, basically, just as hard to make \$50,000 as \$15,000, so why not go for more? I think that Olivia has been driving in the fog for so long that she can only see 15 feet in front of her. So, me asking her to look a mile down the road is very hard and very scary. I have to push her to get out of this scarcity mindset.

I'm not inspired by that, 15K for you doing a business over what period?

Olivia: Over the six months.

Ramit Sethi: No.

Olivia: No?

Ramit Sethi: Come on, Olivia. Do you know how many people I help start businesses? 15K, first of all, it's not inspiring. And second of all, it doesn't do anything for your financial situation. Olivia, remember what I

told you about taking your old mindsets and throwing them in the trash and taking them out to the trash bin?

Olivia: It's easier said than done.

Ramit Sethi: Of course. I know. Well, let's do it together. That's why I'm here. So, I'm going to go out to the trash bin real quick. Hold on. Let me rip that trash bag open. Oh, yeah, there's that old mindset. What was that mindset you used to use with your business regarding how much you make with it?

Olivia: That I would be happy just to make 15,000 or be happy to make more than what I had before.

Ramit Sethi: Fuck that. Olivia, let me tell you what an entrepreneur thinks. I'll just tell you point blank. This is how I think, listen, I manage a lot of people. I work with an amazing team. I take financial risks. Sometimes I work weekends, et cetera. I better be making more than I could make on the open market, and a lot more. Now, some years it's not going to be as much. Some years I might lose money. But I have to know that I'm working for something. And that something has to be way bigger than I could make in a 9:00 to 5:00 job. So, take that aggressive, assertive mentality I just gave you, and adapt it to your situation as an entrepreneur. What's the number?

Olivia: \$50,000.

Ramit Sethi: Okay. And break that down for me. Is that 50K in the last month, over six months? What are we talking about?

Olivia: 50K within six months.

Ramit Sethi: Okay. Okay. I like it. I'm going to probe a couple of holes here just because this is going to come up eventually. By the way, you look very uncomfortable. Am I reading this correctly?

Olivia: Yeah. You know what? When you've operated from, like, a survival mindset for so long, it feels so foreign, like it feels fantastical. Like, I know you keep saying it's not a fantasy. But from where I'm standing right now, these things appear to be a fantasy.

Ramit Sethi: I know. And that's even more reason that you need to push hard and push fast or get out of this business. Because this business is making you think so small that it's tragic. You're sitting here telling me 15K over – what was it, six months?

Rob: Mm-hmm.

Ramit Sethi: Hold on. I'm going to do the math right now. I'm about to puke. 2,500 bucks a month after five years of running a business? No. No. That's unacceptable. You're thinking way too small. I just can't allow it. My job is to get you to think bigger. And if the best you can squeeze out of this business after five years, if the best is 2,500 bucks a month, and you're trying and you want it to get bigger than that, then maybe this is not the right business for you. I think you probably have something bigger inside of you than this.

Olivia: It almost feels inauthentic to want more.

Ramit Sethi: Yeah. Why is that?

Olivia: Because I've just been at a certain income level for so long and I feel like I've just almost – I don't know – acclimatized to the lifestyle that my current income provides. I don't know, it just feels above

myself. Who do I think I am to want to earn that much money? It doesn't even sound realistic when I say it.

Ramit Sethi: That's sad to me.

Olivia: Sorry.

Ramit Sethi: You don't have to apologize. But, sadly, you don't think you deserve more than \$2,500 a month from a five-year-old business. What makes me hopeful is that we are coming up with a plan, together with Rob, so that you can find out if this business is right for you or if there's something else that's right for you. Did you know, by the way, when you told me about the job you had in your 20s at the college, that was the only full-time job you had?

Olivia: Yeah. Yeah. My other jobs were all part-time jobs.

Ramit Sethi: And so, you made this offhand comment at one point, "I wouldn't want to go back and work full-time somewhere." But the only place you worked was the college you went to.

Olivia: Right.

Ramit Sethi: You do not know about what other jobs and other managers could be out there. It might turn out that you love it. But deep down in your head, to close this business down and work a 9:00 to 5:00 means that you are what?

Olivia: A failure.

Ramit Sethi: Yeah. Do you believe that?

Olivia: I don't want to believe that.

Ramit Sethi: I don't believe it. I believe it's very courageous to take a look at something that's going on in your life and say, "This might not be working for me. Maybe I picked the wrong domain name. Or maybe the market doesn't like me. Or maybe I'm just over my skis. But whatever the reason, I'm just not enjoying it. It's not working. And I'm going to put an end to this because my future is bigger than my past." That's courageous to me.

Olivia: Thanks, Ramit. It's nice to hear that.

Ramit Sethi: Yeah. That's why I'm hopeful for you because I want you out of this quicksand. I'm using vivid imagery so Olivia can connect with it. Quicksand, everyone can envision a cartoon with quicksand. That feeling of slowly sinking, of being helpless. These are the kinds of things you will rarely hear talked about in financial discussions.

It's easier for someone wearing this rumpled suit to talk about expense ratios and estate planning than it is to get vivid, specific, and even theatrical with the terms we use. But that is what connects with someone like Olivia. That's actually what connects with all of us.

I'm going to keep going on this metaphor of quicksand, and I'm going to get Olivia involved in co-creating it with me.

We got to name this quicksand that you're stuck in right now. This quicksand is murky, and it makes you shrink like one of those Honey, I Shrunk the Kids movies that came out when we were kids. What do we want to call this quicksand? This land that you are stuck in right now, Olivia? Name it for me.

Olivia: I don't even know. It's like the Badlands.

Ramit Sethi: Okay. I like that. Rob, are you good with that name? Because you're going to be using this name in a second.

Rob: I was more so thinking Iowa – no. Kidding. I think Badlands.

Ramit Sethi: I like the Badlands. So, what is this place, The Badlands? What happens there, Olivia?

Olivia: It's where all of my thoughts and my beliefs by my internalized scripts ruminate around. It's all the negativity and everything.

Ramit Sethi: I can see a witch's cauldron in there and there's just someone stirring this pot. And in this pot, little word bubbles are coming up floating above it. One of them says "You are not enough." One of them says, "If you close this business, you will be a -" finish the sentence.

Olivia: Failure.

Ramit Sethi: "You will be a failure." And the other one says, "Maybe I can make \$800 a month." You know, just these terrible phrases. Also, a video game character in this Badland shrinks you. So, you walked in there at your normal height and your normal strength, but day by day, it's shrinking you, isn't it? How's it shrinking you?

Olivia: Yeah. It eats away at my confidence. It eats away at my motivation. It eats away at my creativity, my willingness to take on challenges, and set goals, and go after things.

Ramit Sethi: Yeah. Now, I want you to do an exercise with me. Think of yourself at 21 years old. And just visualize what you're wearing and what you look like. Now, imagine you just a couple of months ago. You've been in the Badlands for four-plus years. What is the difference? What did you look like at 20 versus what does the person in the Badlands look like?

Olivia: The person in my 20s was a lot happier, a lot more optimistic, more carefree. The version a couple of months ago feels more burdened. Feels maybe trapped, almost.

Ramit Sethi: What's the difference in what they're wearing?

Olivia: In my 20s, I'm wearing what I would normally wear to, like, going out to a club. And then, in my 30s, if I'm at home, I'll usually just wear leggings and a t-shirt or leggings and a hoodie, and that's what I envision myself in.

Ramit Sethi: And that's fair enough. But when you wear those clothes in the Badlands, what happens to those clothes? Remember, it's toxic in there. There's a witch's cauldron. What's happening to everything you're wearing?

Olivia: It's deteriorating. It hurts. There are scars and scratches and scrapes.

Ramit Sethi: Yes. Yeah. It's terrible. Your hair's all disheveled. It's not a good place to be. And I love that word you used, carefree. I see the person in their 20s, they're smiling. That's the way that I can tell there are lots of laughter. And the person in the Badlands, how do they look on their face?

Olivia: Worried.

Ramit Sethi: Worried. That's it. That's the word, worried. Now, you know what I want to point out to you? You don't have to be the person in the Badlands. Did you know that?

Olivia: I'm sure deep down inside I did, but it's like I didn't even consider it.

Ramit Sethi: Who's the only person keeping you in there?

Rob: I am.

Ramit Sethi: Yeah. And it's all up here in your head, isn't it?

Rob: Totally.

Ramit Sethi: I have a lot of sympathy for Olivia. I've been through this myself. And I've seen it in thousands of my students who have taken our business programs and tried to start a business. For example, they'll join our Earmable Program, and they'll be nervous about not having an idea. Or if they come up with an idea, that is less common, they feel like they have to make it work, "This is my one idea." And they'll go through the videos and they'll watch us show them the timelines of how long it takes. And they will use our scripts to reach out to prospects. And we repeatedly remind them, "This is going to take time. Your first idea likely will not work." And they nod, they go, "Okay. Okay." But deep down, they want it to work on the first try.

And when it doesn't, because starting a business takes time, and sometimes lots of tries, you see two different responses. Some people shrug. They nod and they say, "Okay. Onto the next idea." These people have typically experienced failure before. And they know if one thing doesn't work out, it's no big deal. There are more fish in the sea. They're ready to keep trying.

The next group is so nervous about failure. They're so in their head that the minute something doesn't go right, they quit. They blame the idea. They blame themselves. They blame me. But they never realize it's the way they approach hard things in life that's holding them back. And it can be starting a business. It can be starting a fitness journey. It can be starting to become a great parent. It can be any number of things. But they are just not willing to give it the time.

Olivia is an interesting variation of someone who did get started and she had some success, but she has become satisfied with small results. I don't think she would ever let a friend accept these kinds of results. She would never let a friend say, "Oh, I made \$8,000." True success would be making \$15,000 in one year. "What? No."

I don't mind if it sounds a little harsh for me to push her, but the fact is, sometimes you need somebody who can push you to think bigger than you would think yourself. I know Olivia would tell her friend to think bigger, to move faster, or if it's not working, to move on. But she has settled with herself. I'm hoping that my own story can help her see this.

When I first started, which I would say is probably in a similar situation to where you are now, all I was doing was every day I was showing up and I was doing what I thought was cool and would help me grow. And I had a very long time horizon. I was like, "I don't need to make money on this anytime soon."

But as I started to get a little bit more sophisticated, for example, I started to need to make more money. And I was like, "Oh, I have expenses." And then, I also started to say, "Oh, my gosh. I get, like, three customers a day." Then, I started to think to myself, "What does this mean?" And so, at the time I was doing many different things, much like you are now.

And so, what I did was kind of on the back of a piece of paper, I said, "Okay. Six months from now, what should this be doing?" It was the same process that we're doing right now. And the number I picked was arbitrary, just like the number you picked was. But it told me, like, if it was 50K, that tells me that I'm doing something meaningful. Because if it's 50K, I could probably turn it into 100K, and that starts to get interesting.

On the other hand, if I only made 5K, that tells me point blank like, "I tried. I don't know why it didn't work. Maybe it was me. Maybe it was the market. Maybe it was the product. But I don't care. I'm done." It just gave me a benchmark to make decisions. And I like that because we play tricks on ourselves. We tell

ourselves, "Well, it's because of this and it's because I have my consulting and blah, blah, blah. And if I focused on it, I could do it." It's all lies.

All we need is something. We just pick an arbitrary goal. The goal could even be wrong. There were a couple of times where I set a goal and I didn't hit it, but I was like, "You know what? There's something here. I'm going to keep going. I'm going to ignore my old rule." I broke my own rule. But I could tell that there was a trajectory. It kept me honest.

Olivia: Okay.

Ramit Sethi: I was upset always. Let me tell you something, though. The way that I was able to finally become decisive – which is a word that is my greatest wish for you, is to become decisive – was to say, "I could spend the next five or ten years of my life trying to squeeze out one percent gains." And I said, "I have more to offer this world than one percent gains." And in your case, \$800 a month. Like, that can't be all I have. Otherwise, what am I doing on this planet? I refuse to believe it. It allowed me space to think of new things and just to kind of be with it.

You know, if you've ever ended a relationship, sometimes you need that space to just think, be by yourself, and then you can start to plot a course going forward. But you can't do it if you have one foot in it. You can never do that. That's one of the reasons that I'm urging you to set a goal, not to feel like the goal is constricting you, but rather it's freeing.

It's going, "Okay. Well, now I know I got six months. Either I'm going to make 50K somehow, some way, or I'm not." Regardless, I'm going to know exactly what to do in six months and one day. It's going to be crystal clear. And that feels so good. It's hard. It's going to be hard.

After we get off this call, you're going to feel different emotions. You'll feel a sense of elation. You're going to feel a little bit bewildered. What just happened? And you're going to wake up tomorrow and you're going to first feel excited. And then, suddenly, you might feel a little disappointed because that sense of elation went away when you're confronted with, "Well, I'm still in my same house. And I still have the same financial problems."

So, I don't want you to focus on changing your mindset first. Oftentimes that comes second. You know what comes first?

Rob: No.

Ramit Sethi: What was that thing you told me you could do in one day and you felt so confident about it?

Olivia: To do my resume.

Ramit Sethi: Yeah. That's the first step to getting out of this sludge, isn't it?

Olivia: Yeah.

Ramit Sethi: So, you do that. What do you do next?

Olivia: Look for jobs in the salary range that I'm focused on obtaining.

Ramit Sethi: Good. Now, you're getting a little momentum. You've taken two or three steps out of that sludge. You're getting better at it. What's next?

Olivia: Then, of those jobs, refine them to look for something that I'm good at and I know I can progress in.

Ramit Sethi: Land the job. Let's just skip ahead because I have total confidence in you like you do. You're going to land the job. Great. Suddenly you're making more money. Awesome. But you're not done yet, are you?

Olivia: No.

Ramit Sethi: What do you need to do before you can get out of this area?

Olivia: Reevaluate my current business.

Ramit Sethi: Yeah. Do you know how you're going to do that?

Olivia: I have some ideas as of right now.

Ramit Sethi: Very good. And do you have a timeframe? What's that specific timeframe?

Olivia: Sooner rather than later. I guess within a couple of weeks, maybe within a month, I'd want to reevaluate everything.

Ramit Sethi: I figure the sooner the better. Let's move. Again, we're not comparing ourselves to this slow-moving person who's stuck in the mud. We're moving fast, that 20-year-old moved. And then, how long do you get to work in your business and prove if it is real or not?

Olivia: Six months.

Ramit Sethi: Correct. And by that time, you will have made how much if it's going to keep running?

Olivia: \$50,000.

Ramit Sethi: Okay. Very good. And if it makes \$49,687, what would you say?

Olivia: That it's not 50.

Ramit Sethi: Oh, I would count it. Honestly, I would count it. Come on.

Olivia: I don't know. You're testing me. I don't know.

Ramit Sethi: No, no, no, no. You know, 49 is close enough. All right. Congratulations. Keep doing the business. But what if it's 41?

Olivia: Probably time to reevaluate at that point.

Ramit Sethi: It's time to end it. Let's just get clear with what we're saying here. We're not reevaluating. To be blunt, the business makes \$50,000 from today to six months from now. Or, I think what we're agreeing to, what you and Rob are agreeing to, is you shut it down.

Olivia: Yeah.

Ramit Sethi: Is that your understanding, Olivia?

Olivia: Yeah.

Ramit Sethi: Okay. And how do you feel about that?

Olivia: Nervous, for sure. I feel there's a bit overwhelmed because, again, it's almost like starting from the beginning of when I first started the company and I had all the original goals, how much I wanted to make, and how fast I wanted to do things. But it feels good, though. It feels good knowing that there's progress. There's progress that can come from that.

Ramit Sethi: Yeah. Progress can come from the business or it can come from closing the door on that and doing something different. To go and progress towards the rich life that you want, all we know is one thing, you cannot keep doing what you have been doing.

Olivia: Yeah.

Ramit Sethi: I had a friend of mine years ago and I was about to make a career move, but I had a big identity around this thing that I was doing, and I was known for this thing, and I was kind of ready to move on. And I went out to a taqueria in San Francisco with my friend and I was like, "Well, you know, I kind of want to do this other thing, but I'm known for this." And she said to me something I'll never forget, she said, "You know what, Ramit? In Silicon Valley, people are known for what they're doing, not for what they did."

Olivia: In a way, your past is irrelevant, and you can create any future you want to.

Ramit Sethi: When was the last time you did something fun with money?

Olivia: Maybe our honeymoon.

Rob: Yeah. Probably the honeymoon.

Ramit Sethi: It's too long. You got to do something fun. I don't care if it's going to a restaurant or getting takeout and sitting outside. I don't care. But it's something celebratory, something different than you would normally do. Because you two are both – we've talked a lot about the cauldron and the Badlands – still see money quite negatively. It's combative.

And you may want to create a name for where you used to be. You know, I might suggest you call it the furniture store, whatever you want. But you have to start moving towards a new place that has new rituals, doesn't it? And one of those rituals has got to be, "Hey, we set a goal. We both achieved it in a short amount of time. We've got to go out and celebrate and pat ourselves on the back."

Olivia: It's a lot more easy to do that when you have that motivation, for sure.

Ramit Sethi: Exactly. Exactly. That's the key to everything we've talked about today. What do you have that you didn't have before?

Olivia: A resolution together.

Rob: A common goal.

Ramit Sethi: A common goal. The goal, and that goal is in part inspirational, and aspirational – the Italy and Greece trip, which I love. I loved hearing you describe it. It also is financial. Of course, you want to cover the mechanics and be able to have a three-month emergency fund and then start investing. Yes. Yes to all of the above. And now that you have that, suddenly a lot of decisions become clear. It's pretty awesome to see your partner – I'm talking about both of you – like, fully engaged with what they're doing. That feels amazing. And I think that's going to be joyful for both of you to watch.

Rob: A hundred percent.

Ramit Sethi: You two were great. Thank you so much.

Olivia: This was awesome, Ramit. I can't thank you enough. And this is perfect timing. Our house is closing tomorrow, so this weekend we're moving. So, this meeting, plus the new house, plus everything, it's like a full do over, I feel like.

Ramit Sethi: Fantastic. It's the next chapter of your rich life. I'm so excited for you both.

This is a story about settling for too little. Rob and Olivia came to me ostensibly to talk about a furniture purchase, maybe about an income disparity. But as the story went on, you learned – we didn't even speak to Rob that much – this story is truly about Olivia. And by settling for substandard results, by settling for too little for too long. She's gotten used to it and she can't see a way out. And that was what got me interested. I consider it a tragedy to live a smaller life than you have to.

And when I see somebody like Olivia, who's very intelligent, who can earn much more at her age, with her skills, in this economy, to settle for making \$15,000 or \$20,000, it frustrates me. It makes me say there's more you can be doing and it's costing you a lot. It's damaging their relationship. So, that's why I want to talk to them. And I knew that it would be interesting to find out why Olivia is settling for so little. What I realized in talking to her was that it's been going on for so long that she doesn't know any other way. This is why my greatest wish for her and you is to become decisive. Decisive means you're willing to make changes. If something is not working, you call the ball and you trust yourself to know that you can find something better.

Speaking to Rob and Olivia, I was a little more directive with Olivia than I usually am. I'm okay with that. Usually, I'm not. I want people to come to their conclusions. But there were certain times today when Olivia was just dreaming too small. She was willing to settle for too little. She said, "You know, I'll be happy if I can make \$8,000 more." No. No, you can't be happy with that. You have too many skills, and too good of a market, with too much on the line, specifically your relationship with Rob to settle for that. "Oh, I can take 12 months, 18 months." No. We can move a lot faster.

Podcast Episode 42: We're worth \$5.7 million but we're arguing over the price of chocolate for Valentine's Day

Synopsis: Nicole and Michael have a combined net worth of over \$5.7 million—yet they find themselves arguing over the price of a minor car repair. Nicole has crippling anxiety when it comes to spending any amount of money, no matter how insignificant it may be in the long term. While her fears may have once been justified, they haven't caught up with reality.

Now, with a house stacked with boxes of free items and bulk discount junk, and with Michael meticulously strategizing how to break the news of any minor expense to his wife, they both need to wipe the slate clean and reset their thoughts about money... before the financial wedge in their relationship drives them to divorce.

Podcast Transcript:

Ramit Sethi: What would make a couple argue over the price of a car repair when they're worth over \$5.7 million? Don't scoff. If you're listening to this podcast and you're following my advice, you'll likely end up in a similar situation one day. You're going to have a lot of money, but you probably won't have the skills to learn how to spend it.

Today's guests are Nicole and Michael, both in their 30s. In their relationship, Michael wants to use the money that they've saved. Despite having millions, Nicole is stressed about money. You'll hear it in her voice. You'll hear it in how she talks about money. And you'll especially hear it towards the end of the episode.

I wanted to talk to this couple because these examples are not shared enough. In our society, we are so focused on people who do not have money, and rightfully so. A lot of people are struggling. But in our society, you'll notice that everyone teaches you how to save but nobody teaches you how to spend. Everyone proclaims the virtues of having enough. But nobody shows you what to do when you have enough. That's what I'm going to cover in today's episode of *I Will Teach You to Be Rich*. I'm Ramit Sethi.

Michael: We have a car. It's not an exceptionally new car or anything else like that. It's an old 2012 Nissan SUV. Three weeks ago, I went and got some maintenance done. So, I talked to the mechanic and they said, "We can get you a replacement part from a less damaged vehicle and we can replace that, and not charge you for the part, and only charge you for the labor." And I thought, "Okay." So, it's \$124 versus \$800 to do the part properly on the car. And I thought, "Well, I'll ask Nicole." And she said, "Yeah, that makes sense."

Then, back in my mind, I keep thinking, "Well, I drive my family around in this vehicle, wife, kids, myself. It's \$800, I mean, I might as well just spend the money on fixing the vehicle properly. It's an older vehicle already. I don't want to roll the dice." So, that's been frustrating. So, what we did was we just did the short-term fix and we kind of agreed to rehash it later on down the road.

I called her when I was there and I just said, "Look, you know, I've spoken to the mechanic, the cost to replace this would be about 800 bucks. And it was a nonstarter."

Ramit Sethi: What did she say?

Michael: "That's ridiculous." I think they were near those words where that was ridiculous and do we need to do it. And I said, "Well, I think we should." But then, I said, "Well, we have an option. And they said the option is to spend \$124." And I think her reaction to that was that was a lot of money as well. The tire was practically about to fall off at that point and it was not safe to operate the vehicle. I can't even believe I drove it to the mechanic.

Ramit Sethi: Michael, what is your net worth?

Michael: It changes daily, but we're about \$5.7 million in our net worth.

Ramit Sethi: \$5.7 million and arguing over a \$700 difference for your car.

Michael: That's correct.

Ramit Sethi: Okay. Nicole, tell me what happened when you received that phone call from Michael. What do you remember?

Nicole: Well, it's never good news when he calls from a mechanic. Immediately I was like, "Oh, no. Like, that's a ton of money." But then, he very quickly – because he knows how nervous I get – says, "Well, they have this other fix that they can do. It's much more short term, but it'll be \$120 something." And immediately, like, I didn't even weigh the pros and cons between the two alternatives, I immediately said, "Okay. Let's just do the cheaper option."

And then, he mentioned that will probably only take us to the beginning of next year where we're going to have to replace the tires. And I said, "Okay. Well, as long as we don't have to replace the tires right now," because I know that's going to be about 1,000 bucks or more. I was fine with pushing it off because we have a largely arbitrator, but very, very important to us savings and investment goals that I feel compelled to meet every year.

Ramit Sethi: Okay. To ask the question that all of us are wondering, is \$1,000 going to make a difference in your financial plan for the rest of the year?

Nicole: It probably wouldn't make a material difference, but we're so close to hitting that goal. And, for me, if we hit it, I feel financially secure. If we don't hit it, even if it's by \$1,000, I feel really bad. Like, I agonize over it.

Ramit Sethi: Yeah. I mean, you're an accountant, you know the mathematical answer to my question. What is it, yes or no?

Nicole: No. The answer is no. I wouldn't change anything. It'd be a rounding error.

Ramit Sethi: Correct. Would it even be in the ballpark of materially affecting your financial goal?

Nicole: Not at all.

Ramit Sethi: Correct.

Nicole: Spending money makes me so, so nervous. It makes me feel like if we even spend, like, \$1,000, we're moving our wealth in the wrong direction. And this is illogical, but spending any amount of money, I feel like we could lose it all. We could lose financial security. We could lose everything we built. We wouldn't have the money to house our children. We wouldn't have the money to buy food. We wouldn't have the money to provide them the life that we want to provide them. They'd have a rough life, like what I had growing up.

Ramit Sethi: I empathize with her feeling nervous about money. When I work with people in my programs and on this podcast, I'll spend a lot of time trying to understand why they feel nervous, and I want them to put it in their own words. A lot of times people don't understand it themselves. But I also do not allow people to use that as a crutch. Too often I find that people simply repeat their problems. They carry them with them almost like a child's blanket. It reminds them of why they haven't been able to move past this obvious problem. And in a lot of cases, it comforts them.

To look at it another way, sure, Nicole is nervous and she has legitimate reasons to feel that way. But she's also a mom. I bet you she was nervous the first time she held her baby, and she still did it. She learned how to feed her baby, how to clothe her baby, and how to be a good parent. She had to. Somehow when it comes to money, we give ourselves an out. Think about sushi. Yeah, you feel nervous eating sushi the first time, but you still do it. But for a lot of people, they feel nervous about spending

money and they never learned money skills for their entire lives. Guys, learning how to invest, manage, and spend your money is a lot more important than learning how to enjoy sushi. Listen as Nicole describes why she feels this way about money. Like I said, she has real reasons to feel the way she does.

Nicole: I grew up in poverty. I was born to two immigrant parents who worked minimum-wage jobs. They still do to this day work minimum wage jobs. And it was extremely difficult being in that position because I remember, like, we didn't have enough food, we lived in really crappy grungy apartments that weren't very safe.

One of the most traumatizing things was remembering all the arguments my parents had over money. I think I was six, and one of the most vivid arguments I remember my parents had, my mom was sitting on the stairs, and my dad was standing in the kitchen facing her. And she said to him, "We have \$6 left for groceries for two weeks. Like, how are we going to make this work?" And he was just silent. And I just remember growing up not having enough food, not having very good food, or if we did have food. And I feel like every day I fight to build our wealth so that our kids will never experience anything remotely close to what I had to go through growing up. But, now, I feel like it's kind of taking an unhealthy turn where I'm unable to spend any true amount of money without complaining to Michael. And we bicker over even, like, \$100 sometimes.

And our kids see that like they see our everyday interactions. And it's starting to affect our oldest because she's starting to understand. She sees our hesitancy and reluctance to spend money and how much we fight. Our daughter is four, and for her birthdays and Christmas, we and other family members give her money and she puts it in her piggy bank. And we do that to try to teach her how to save money. And we'll go, "Hey, do you want to buy that toy that you like?" And she goes, "No. Money is for saving. If I spend money, it will be 'little.'"

And I think, "Oh, my God. I am passing on money trauma to my daughter." She shouldn't have any inkling of scarcity in her mind, and yet she does. And so, I'm motivated to change so that she has a healthier relationship with money and she grows up to be a balanced, well-functioning adult.

Ramit Sethi: What's the worst-case scenario for your relationship with Michael?

Nicole: That we got divorced.

Ramit Sethi: How likely do you think that is right now?

Nicole: Well, it's not unlikely. I would say 50 percent chance.

Ramit Sethi: Is anyone else hearing this? A 50 percent chance of divorce is a huge red flag. If you're married and you want to stay married, this should be the moment where the record scratches and everyone looks up realizing how serious shit just got. Throwing around this word is not a joke. It describes something very, very serious.

It reminds me of when people say, "I'm worried about burning out at work." I had a friend who said that and I told them, "Stop everything. You need to focus on fixing this right now." Divorce, and burnout, are serious, life-changing things, and they never fix themselves. When it comes to burnout, divorce, and serious things like this, once it's too late, it is too late. So, when I hear Nicole mention divorce, this entire conversation takes on a much more somber tone. I asked Michael what he thinks. Here's what he told me.

Michael: So, right when the pandemic was starting, we had boxes of stuff, Ramit, that we had just gathered from people around our community. People would just give away free stuff. We didn't want to buy it. They were handing out some free stuff. So, we decided, "Hey, we'll pick it up." Boxes and boxes of stuffed clothes.

Ramit Sethi: Wait, wait, wait, wait, wait. Hold on, hold on. Let me get this, when was this? Like, how long ago?

Michael: This is about a year ago.

Ramit Sethi: Okay. Okay. Hold on. Let me make sure I'm understanding this correctly. One year ago, when your net worth was over \$5 million, you got a bunch of free clothes from your community.

Michael: Yeah. Free clothes, free food, free you name it. Honestly, people would hand out stuff on the Facebook Group, and I would be sent by Nicole to go and pick it up. I'll be honest, if I turn down the camera, we filled this place up now, too, with free stuff that we've gotten.

Ramit Sethi: Okay. Show me some of the free stuff. I want to see it.

Nicole: Sure. So, Michael's in the basement. I just want to add a clarification.

Ramit Sethi: Of course, you do. I did not doubt that you were going to pipe up and clarify a couple of things. Go ahead.

Nicole: This Community Facebook Group, it's not a charity. We would not do that. It's a community-based initiative, it's called the Buy Nothing Group. And people will give away things that they no longer want or need and then we take it to use it. And the benefit is that we don't have to spend money and we're also saving the environment.

Ramit Sethi: Does that sound convincing to you?

Nicole: Not that last part. No.

Ramit Sethi: What in the hell is going on right now? Every time I talk to you guys, I spend at least 20 minutes talking to people who just openly lied to me. I kind of love it. It doesn't happen in my day-to-day life. But some of you believe the shit you try to tell me.

"Hi. I'm a multi-millionaire. I use this free stuff because it saves the environment. Oh, and by the way, I have a crippling fear of spending money. And this free service, totally and coincidentally, allows me to not have to spend any money." You just think I'm five years old? A blind duckbill platypus could spot this lie from two miles away. But Nicole still tries to pull it on me. Well, Nicole, nice try.

You know, there is a phrase, "As I became more successful, I couldn't afford to do certain things anymore." The speaker who said it was referring to things like mowing his lawn, which as he became more successful, he couldn't afford to do because his time became so limited. So, he would rather trade his money for time and he wanted to spend time with his family instead of being outside and mowing the lawn all weekend long.

If you're a millionaire, I'm going to go out on a limb and say you cannot use these free services anymore. You're taking away items from other people who truly need them. Just imagine if you were some 20-year-old single parent and you saw some asshole in a Tesla drive up and take a free bag of clothes. I'm not talking about a public library. Use those. You should. I'm talking about finite items that would directly benefit someone else and you are taking them.

In Michael and Nicole's case, to simply stuff them in your apartment, you're not even using them, stop it. Now, I asked him to turn the camera around and show me their apartment. I wanted to see what it looked like.

Michael: So, I'll just turn around my phone here, Ramit. So, these are some of the boxes of things.

Ramit Sethi: Oh, my God. Okay. Let me describe what I'm seeing right now. I see multiple Rubbermaid-type containers that could be carrying, like, boxes of papers and things like that. They're stacked up to the ceiling. They would be over six feet high. There are multiple colors. You have a very nice rainbow color

collection. I see wrapping paper. I see a trash bag. And this is going straight up to the ceiling of the basement. What's in those boxes?

Nicole: Kids clothes.

Michael: Everything. Kids clothes, decorations for Christmas, toys, various countless different – I don't know – whole bunch of stuff. To be honest with you, just stuff. Lots and lots and lots of stuff. Behind Nicole, you'd see that we've just stocked up just more clothes and stuff.

Ramit Sethi: Nicole?

Nicole: Those are baby diapers. Can you see that, Ramit?

Ramit Sethi: Yeah. Okay. Lots of diapers. Fine. What else?

Nicole: Well, this is our diaper storage room. So, more diapers.

Ramit Sethi: Okay. I don't know anything about diapers. I assume you probably need a lot. Is this normal for a parent to have this many diapers?

Nicole: I would say we have more than the average parents.

Ramit Sethi: Like, how many? Like, ten times more? What are we talking about?

Nicole: Probably, yeah, ten times more. Maybe 20 times more, if we're being quite honest.

Ramit Sethi: Why is that?

Nicole: I hoard things. So, I hoard things to feel security.

Michael: Yeah. Ramit, we buy them when they're on sale. We have – I'll be honest – thousands. So, we have diapers that could probably diaper our son three times through. Honestly, we have clothes for our kids until they're 12 years old.

Ramit Sethi: It looks like you can diaper your great-grandchildren.

Michael: Very, very likely, honestly, in my opinion.

Ramit Sethi: I mean, again, I don't know anything about this, but I'm just going out on a limb here. That seems like a lot of diapers. Okay. And you didn't have to tell me you bought it on sale. I already know that.

Nicole mentioned being a hoarder. A lot of people throw that term around casually, kind of like they throw the word OCD around casually. But just like OCD, hoarding can represent a serious psychological disorder. I'm not a psychologist or a psychiatrist, so I have no intention of offering medical advice. I do want to take a quick second to explain how this podcast fits into the options of seeing a clinical therapist or financial advisor.

I'm not a therapist. I'm also not a financial advisor. I started writing this material because the vast majority of people are not going to see a financial advisor. Most people don't need to see a financial advisor. Now, similarly, with relationship problems, most people are never going to see a therapist. I think it can be immensely helpful. My wife and I saw one when we were discussing our prenup. But the fact of the matter is that seeing a therapist is costly, confusing, and in many ways, it's still stigmatized.

So, when I created this podcast, I wanted to be careful of what topics I spoke on. I think there's a step between following randoes on TikTok and social media and seeing a full-fledged therapist or financial advisor. With that said, I'm always extremely careful of knowing where I can speak knowledgeably and where something is outside my core competence or even dangerous. And if something gets into one of those areas, I will tell them. I will stop what we're talking about, and I will recommend they speak to a professional.

Hoarding is not something I can speak knowledgeably about. And like I said, true hoarding can be a serious mental illness. Now, I don't know if Nicole is a hoarder or not, but in this case, I recommended that she see a professional to address it. And just like there's nothing wrong with asking me for help, there's nothing wrong with getting help from a mental health professional.

So, through this podcast, I want to make it easier for all of us to ask for help. Let's destigmatize asking for help in whatever form you need it in.

You know, you mentioned growing up in circumstances that were not so safe and it seems like they were probably pretty small. Do you think there's any similarity between how you were raised and the kind of environment you've created for your family now?

Nicole: Absolutely. So, I remember my younger sister was born when I was seven years old and my parents didn't have money for formula, or I guess I should say they had very little money for formula. And I remember the store had a sale, and it was a limited one where you could get the formula for, like, 75 percent off its regular price. So, my parents would till hop and they would go into the store, pay at a till, leave, come back in, get a formula, and pay at a second till with a different cashier so that they could get this formula. And they would do that to be able to feed my sister.

So, now, I do see that I hoard kids' clothes, diapers, and baby food out of the fear that we could run out and our kids could starve or not have diapers. And fear is my greatest motivator, and it's not the healthiest motivator.

Ramit Sethi: If that were true, physical security, then when Michael proposed spending more money on a nicer place, presumably in a safer neighborhood, wouldn't you have leaped to it and said, "Yes. Let's do it."

Nicole: That's a really interesting proposition, and I think you have a good point. I guess I would have, but I didn't. The idea of spending \$3,000 a month on rent, it's abhorrent to me. Like, I think that's so much money for us to spend on rent.

Ramit Sethi: Is it?

Nicole: I think so. Because we were paying, like, \$1,450 in this condo and it included most of our utilities. And, now, we're paying \$1,650 plus around 500 a month for utilities. So, I feel like that's a reasonable leap. But to go from \$1,450 to 3,000 – you know, so much personal finance advice out there says the biggest cost you should control is your living expenses because they have such a huge impact on your budget.

Ramit Sethi: Are you listening to so much personal finance advice? Because you're talking to me, so clearly that stuff didn't work. You and I both know a lot of that stuff is bullshit. What are they going to tell you? "Oh, cut back on your lattes." Fucking \$6 million net worth. Oh, cut back on lattes, that'll do it. Buy diapers in bulk. Is that going to change your life?

You spend more time going to the store. You spent more money on that trip than you will ever save from buying 7,500 diapers or however much you have. The typical personal finance advice does not apply to you anymore. I want to say that again, I want this to sink in. The typical personal finance advice does not apply to you anymore. Now, the funny thing is you're both accountants, is that correct?

Nicole: That is correct, yes.

Ramit Sethi: Okay. So, what does this tell us? Those two accountants are feeling challenged by money. What does this tell us?

Nicole: It's not a math problem.

Ramit Sethi: It's not a math problem. I already looked at your math anyway. It's a psychological problem. And I'll give you an example. Nicole, you mentioned that it was abhorrent to you – that's a very strong word -to jump up and spend \$3,000 a month from 1,450 or whatever. Can I suggest something to you?

Nicole: Yes.

Ramit Sethi: People who have a \$5.7 million net worth and make 750,000 a year, spend a lot more on their housing. A lot more. And they should. I don't consider it a point of pride to be living way under your budget. I'm not just saying you prefer a small apartment. That's cool. You're spending roughly two percent of your income on your housing. Do you know what people typically recommend for housing?

Nicole: I think it's no more than 30 percent of your net income.

Ramit Sethi: Correct. No more than 28 percent of the gross. You're at two?

Nicole: Yeah.

Ramit Sethi: Do you see that you could easily spend ten times the amount you spend mathematically and you would be putting yourself at zero financial risk?

Nicole: Yeah.

Michael: I do. I do.

Ramit Sethi: Michael's like, "Oh, I already got my list. I know where I want to go. Ramit, keep going." We'll get there. I'm not telling you to go out and spend 10 times tomorrow. I'm not telling you that. What am I telling you?

Nicole: That we have a lot more flexibility in our budget than I am giving us.

Ramit Sethi: Yes. And the crux of what we're going to explore today is why. Because, again, it's one thing if you prefer a smaller place. Look, I lived in a small place in New York. I lived in a pretty small place in L.A. But if I were spending two percent of my income, that's a red flag that you are spending too little. And do you know the clues around you? There are multiple clues around you that you're spending too little. What are those clues, Nicole?

Nicole: That we have stuff piled up everywhere.

Ramit Sethi: Yes. Multimillionaires should not have stuff piled up everywhere. What else? There was another clue you mentioned.

Michael: Friends and family.

Nicole: Yeah. Yeah.

Ramit Sethi: Yes. When people you love whisper, treat it like a scream. This is a quote I learned from a book a while ago. If somebody you love or respect says to you, "Oh, when are you going to get a nicer place?" You know, if one person says it, it doesn't bother me. I don't care. It's my choice. I'm conscious about it. If two or three or five start saying, "Hey, you know, are you going to take a trip any time ever?" I start going, "Wait a second. Is the world giving me a clue?" So, do you think that those clues might be something you might be willing to receive?

Nicole: Yes. Absolutely.

Ramit Sethi: Okay. Great. Now, we're going to just put a pin in that and we're going to move on to a couple of other things. Michael, what is your magic wand-rich life here? If you could change everything, what would it look like for you?

Michael: You know, and I'm being totally honest, all I want to be able to do is spoil Nicole and the kids. Like, a large amount of my life, I would like to be able to buy a gym membership again because we cancelled that. I'd like to do that. I'd like to have a car that would work and function. And I love to be able to just go on trips. I love to take my family on trips.

I mean, there are so many examples. Once for Valentine's Day, I bought Nicole some expensive chocolates. Nicole was livid at the idea of spending that. And I guess my rich life would be doing that and feeling like I could do that, and not worrying about upsetting her, and feeling that she was happy.

Ramit Sethi: You could see how far things have gone off track by how uninteresting Michael's rich life is. He goes, "I want to get a gym membership." That's it? You have almost \$6 million and your rich life is getting a gym membership? "I want to have a car that's not falling apart in the middle of the road. I want to be able to buy my wife chocolates." These answers are huge clues that something has gone very, very wrong with their money psychology.

Nicole, is there a number that you're going to feel secure at?

Nicole: Honestly, Ramit, the reason why I was listening to your podcast with Tim Ferriss is that the week before, we had hit a net worth number that I always told myself, "If we hit this number, we can let go of the reins. We can relax a bit and spend more money." Because once we hit 5.7, that was it for me. Because in my head, I thought, "5.7, that's a \$700,000 paid-off house." And Michael and I have been to show homes that cost around that much. And we think we can make this our forever home. And then, the 500,000, using the four percent rule, would generate \$200,000 with a passive income, which would cover all of our needs, plus a good chunk of our wants.

And I thought as soon as we hit that number, like, why would we agonize anymore? Why would we have any more anxiety? But that day came and went. Like, I remember that day so vividly when looking at my spreadsheet, I thought, "Holy cow. We are at 5.7." But then, the very next week, I was like, "You know, maybe we need \$10 Million."

Michael: Why am I killing myself? Again, you know, seven days a week, 14 hours a day, what's the point of doing it when we don't enjoy it and you don't enjoy it? I mean, it's nice that she gets to save \$2,500 a day. It's what we do, we save, I think, she buys \$2,500 worth of investments a day at least, maybe more. And I think she enjoys doing that. But I don't think it gives us anything.

Ramit Sethi: Do you know in 20 years how much money you're going to have?

Nicole: No. We don't know.

Ramit Sethi: Ballpark, conservatively, \$27 million. What about 25 years? Forty million. The numbers become inescapable. You cannot spend that amount of money. But you know what's interesting? You can't even spend the money you make right now. You can't even spend it on tires.

Nicole: That's very true.

Ramit Sethi: Your feelings will never change until you stop attacking the math. And, in fact, so interesting the way you described it, "I thought that we were going to have a 700K house, start our home. Then, at four percent, 700 this and that, blah, blah," all math. And I'm just looking at you and I'm saying, "Okay. Let her finish because none of this matters." What matters, Nicole?

Nicole: What matters is realizing that we have enough. And the problem isn't a math problem. It's a psychological problem.

Ramit Sethi: Yeah. You won. You won the math problem. There are a lot of people who have \$25,000 incomes and they have a math problem, a real math problem. Me coming in here and trotting in and saying, "Let's talk about your psychology," that's pointless. They need to make more money. In your case, you're at the point where you can't spend even \$100. So, Nicole, I would like to know from you, what is your rich life?

Nicole: So, my rich life, because Michael and I are really into fitness, I would love to be able to buy a new outfit for the gym once in a while. I can't tell you how many times I've added something to my shopping cart and then abandoned it.

Ramit Sethi: Why?

Nicole: I feel like I love these clothes. I look at them weekly, but then I tell myself, "You know, it's so much money for just some bottoms and a top. Who would spend, like, 200 bucks on just one pair of shorts and one sports bra? That's crazy." And then, I convince myself that I already have gym clothes so I don't get them.

Ramit Sethi: Do you notice that process you go through?

Nicole: Yeah. I do.

Ramit Sethi: So, you have a dream. And that dream could be a vacation, gym clothes, whatever. You do the research. And I'm sure you have, you know, the websites you go to. Maybe you even have a Pinterest board. And then, what's the last step you do?

Nicole: I talk myself out of it.

Ramit Sethi: Yeah. And what do you get out of that?

Nicole: I justify my non-spending. I try to find reasons to justify not spending the money. Because spending the money makes me anxious.

Ramit Sethi: Give me another word for that.

Nicole: In control.

Ramit Sethi: Yes. And what does that feel like physically in your body?

Nicole: It's so much relief because then I don't have to face the challenge of actually spending the money.

Ramit Sethi: Because if you were to spend the money and go "out of control," what would that mean?

Nicole: It would mean that I would feel like I was jeopardizing my financial future.

Ramit Sethi: And what would that mean? Take it to the full, logical extreme.

Nicole: Then, I would lose it all to square one, to where I was with nothing.

Ramit Sethi: Where you were raised. Listening to people outside screaming about money.

Nicole: Yeah.

Ramit Sethi: So, it's much easier to turn down the athletic outfit, than to go into these gigantic existential family generational questions, isn't it? Doesn't it almost feel good when you say, "I'm not going to get that"?

Nicole: Yeah, it does. It's like a dopamine rush.

Ramit Sethi: Talk more.

Nicole: It just feels so good. It almost feels like I got the thing, but because I didn't, I won, that I got the best of both worlds even though I didn't. I still don't have my gym clothes and I want my gym clothes.

Ramit Sethi: And how are you feeling as you're looking at these clothes?

Nicole: Like, so excited. And I'm picturing, like, I've worked so hard. I would want to see how I look in these clothes.

Ramit Sethi: What's the turning point? What happens at that exact moment when you go from excitement to not feeling excited?

Nicole: I look at the price and I go, "Wow. That's a lot for what that is."

Ramit Sethi: Who's that voice speaking to you? Let's name that person, that little gremlin on your shoulder. Name it.

Nicole: Let's call her Nancy.

Ramit Sethi: Fuck, Nancy. Okay. Describe Nancy's characteristics to me. What is Nancy wearing?

Nicole: I don't know, she's wearing, like, devil horns or something.

Ramit Sethi: Okay. Good. And by the way, is she wearing a Louis Vuitton outfit or is she completely disheveled?

Nicole: She's completely disheveled.

Ramit Sethi: Correct. Why is that? Because Nancy is – describe Nancy to me.

Nicole: Nancy is this negative vision I have of my childhood.

Ramit Sethi: And Nancy does not want you to what?

Nicole: She doesn't want me to grow into the new me, she wants me to stick to who I was.

Ramit Sethi: And if you start to move away, it could be as simple as buying a Lululemon outfit or something. What does Nancy start to feel?

Nicole: She starts to feel nervous because if I grow and change, then she doesn't exist anymore.

Ramit Sethi: She starts to feel out of control.

Nicole: Yeah.

Ramit Sethi: And so, how does she bring you back under Nancy's control?

Nicole: She instills fear and anxiety so that I don't do anything new.

Ramit Sethi: Yeah. When Michael called you up to talk about those tires and shocks, what was the moment when Nancy started speaking up? What was that question that came out of your mouth to him?

Nicole: How much is this going to cost?

Ramit Sethi: Yes.

Nicole: It's always about the cost. Because we just didn't have money growing up, so anything that cost anything was a no-go.

Ramit Sethi: I'm going to guess it, as you grew up, you learned as a young child not to ask your parents for certain things, for anything, probably, because you knew that they would say no and that it would make them ashamed. Am I reading that right?

Nicole: Yeah. Yeah. There were a lot of field trips that didn't happen.

Ramit Sethi: Yeah. I mean, this happens with children of immigrants. And we learned when we would go to eat out – which was very rare – back then, they had video games and it was, like, a quarter to play. And we would strategize, "Oh, should we ask Dad?" And we would ask for two quarters, but not four because that's too much. So, we all go through this. And that's a normal part. When your parents don't have a lot of money, yeah, you pick up on that. That's okay.

I'm going to add one other thing to Nancy's appearance. She has eyeglasses, but only one eyeglass has a lens in it. She only has one functioning lens. That's the only way she can see the world. She can only see the cost. That's all she could see. If you went to Nancy and you had a conversation with Negative Nancy and you said, "You know what? Nancy, I have two children. I want a safe car for them." What would Nancy say? What would her first question be?

Nicole: Well, how much is this going to cost?

Ramit Sethi: Correct. And do you see now why, no matter what, whether it's a \$100 outfit or \$3,000 a month apartment, the first question out of your mouth is Nancy's question? Nancy has had, in my opinion, a little too much control over you, would you say?

Nicole: I agree.

Ramit Sethi: All right. Let's come up with another gremlin on the other shoulder. This is going to be a much more positive gremlin. You get to create this one like a video game character. What do you want to name this positive, future-oriented character on your other shoulder?

Nicole: Oh, geez. I don't know. I'm so bad with names, Ramit.

Ramit Sethi: Ask Michael for help if you want.

Nicole: Michael, what should we name this positive gremlin?

Michael: I don't know. Positive Polly.

Ramit Sethi: I just want to point out that in all my time doing this, not one person has ever named this positive person Ramit. I just want to point that out.

Michael: Ramit works. I'm fine with Ramit. That might be good. That might be good.

Ramit Sethi: No, no, no. It's too late. It's too late. Pick somebody else. But for the future podcast guests who are listening, perhaps one day I can be gifted the gift of being a positive gremlin. Okay. Give me a name.

Nicole: Polly. Let's do Polly.

Michael: Polly.

Ramit Sethi: Beautiful. So, we got Negative Nancy and Positive Polly. I love it. It's so simple. It's so memorable and vivid. Beautiful. Okay. Break this down for me. What is Polly wearing?

Nicole: She is wearing, like, designer jeans and a crop top.

Ramit Sethi: Great. Great. Beautiful. And what are the kinds of things that she says to you?

Nicole: She says, "Go for it. You worked hard. You deserve it. This will make you happier. This will enhance your life."

Ramit Sethi: And tell me about the money stuff. What does she say about that? Because it's not enough to just say rah, rah, kumbaya. You've heard all that stuff. We need to connect it to the money.

Nicole: Right. She would say the cost is irrelevant if it brings you joy – if it brings you true joy.

Ramit Sethi: Okay. How many lenses does she have on her glasses?

Nicole: Two.

Ramit Sethi: What are they?

Nicole: Value and fulfillment.

Ramit Sethi: Okay. Very good. What about experience? That's another money lens. What about speed? Maybe you want to get a personal trainer. You want to hit your fitness goals faster. That's another one. What about luxury, and on and on? How many lenses does she have?

Nicole: Several.

Ramit Sethi: She's got one of those flip lenses, they just pop up endlessly, infinitely. So, let's now replay the conversation where Michael calls about the car repair. And I want you to both play it real. However, this time instead of Negative Nancy, we're going to use – what's her name again?

Nicole: Positive Polly.

Ramit Sethi: Positive Polly. All right. Let's have the conversation. Michael, ring, ring, ring, go ahead.

Nicole: Hello?

Michael: Hey, Nicole. I'm at the mechanic, and I need to replace the springs and/or the tires on our car. The springs on our car will cost us \$800 to do them. And the tires will be a bit over \$2,000.

Nicole: Okay. Well, what will we get from repairing the car? Like, what's truly wrong with the car?

Michael: Well, as you know, when I was driving our daughter to drop her off, the car tire blew out, and it's leaking, and parts are missing off of it. So, I drove it from here to the mechanic. So, by doing this, it should allow us to drive the car for mechanics for a significant time. Long-term repair.

Nicole: So, fixing the springs would prolong the life of the car and make it safer for our kids and for us to drive in the car?

Michael: Yes. It absolutely would.

Nicole: Do it.

Michael: Okay. Thank you.

Ramit Sethi: Whoa. That was pretty cool. All right. How do you think that my wife and I would have that conversation?

Nicole: I feel like if you would even have a conversation about it, you would just say, "Hey. Like, this is what happened. I'm getting it fixed. I'm safe. Don't worry. I'll be home in an hour." Like, I don't even think you would go into exactly what was wrong or how much it would cost to fix it or anything like that.

Ramit Sethi: Yeah. My wife trusts me. And I trust her. And even if one of us spent an extra 300 bucks on something, does it matter? No. We wouldn't have that conversation that you two had at all, because we've already decided on our money rules weeks, months, and years ago.

Let me give you a quick rundown of how money rules work. Each of us should create a list of five to ten money rules in our life. I have mine. I'll share some of them with you. You should have yours. You create money rules because, on a given day, you're going to face hundreds of financial decisions. Certainly, over a year, thousands. Should I get the extra cheesecake? Should I get an extra large salad? Should I fly this airline seat or that? Should I pay for my kid's shirt, diaper, or whatever? It's overwhelming. And so, we want to create a few rules that allow us to make easy decisions. These are basic heuristics. And the fun part is that you get to create your own. I'll share a few of my money rules here then I'll walk you through it.

One of my money rules is, to always have one year of emergency fund cash. Remember, it's my money rule, not yours. Do not write me and say, "It must be nice. Oh, my God. Everyone's starving." It's my money rule. I want one year of emergency cash. That's well over what most people recommend, three to six months. I want a year. I don't care. It's extra cash. "Oh, my gosh. I'm making less," I don't care. I like it. It feels good. I have a year of cash. It's a rule. So, now, I don't have to think about how much should I contribute to my emergency fund. I already know.

Another one, save 10 percent and invest 20 percent of gross annual income. Another financial rule, that's for me. But let me tell you some of the other ones that are a lot more fun. Never question spending on books, appetizers, health, or donating to a friend's charity fundraiser.

Now, if you don't know me, none of these make sense to you. Why am I elevating spending on appetizers onto one of my ten money rules? It makes no sense unless you understand that when I grew up, we couldn't afford to buy appetizers. And so, now, when I go to a restaurant and I can order any appetizer or all of them, it feels amazing. And so, I elevated that to a money rule.

Here's another one. Business class on flights over four hours. I don't debate or agonize over which seat to book. I have a rule. And if somebody else is booking it for me, I pass them the rule so they know exactly what it is.

Now, you might say, "Well, I can't afford that or I don't value that." Cool. Don't put that as a rule. These are my rules. Your rules should be different. Your rules should be so individual and personalized that they start to not make sense to anyone else.

A couple of other ones I have, married the right person. That's a very important financial rule. Buy the best and keep it as long as possible. You can Google Ramit's Money Rules, and you will see an article that we wrote on the blog about how to create your own money rules. I recommend that everybody have ten of their own money rules.

So, what are some rules that you two could create?

Nicole: If something costs less than \$200, we don't even have to get the other one's buy-in.

Ramit Sethi: Okay. We call that a worry-free number. It's the number below which you don't even have to worry about. It's just a rounding error. You know, for a lot of people, when you start, it's \$1, \$2, a pack of gum at the grocery store, whatever. Above that, "Oh, we better talk about it." You both are extremely wealthy, so 200 bucks is fine. Michael, would you agree with that number? Is that the number you want or do you want to pick a different number?

Michael: I would like something higher than that, but I'm fine with 200. It'd be a huge improvement over where we are currently.

Ramit Sethi: God, I can only imagine. But if you want a higher number, tell us the number you want, Michael. I want you to be more assertive with your requests. And then, the two of you can have a conversation about it, especially because you have Positive Polly in the mix now. So, talk directly to Nicole.

Michael: Sure. Nicole, I think for me, you know, I don't think I was truly honest when Ramit asked me about what my rich life was. I think I was trying to answer a question without upsetting you. I mean, in my rich life, for example, we look at houses and you said that there is a \$700,000 house that would be our dream house. That wouldn't be my dream house. We look at houses where you love it. There's these houses we come to that are, like, \$1.5 million. And you walk in and you're loving it. And then, my rich life would be buying that house. Honestly, that would be my rich life. I'll buy it tomorrow.

Nicole: I just think that that is such a huge step. But I think we can work towards that, towards envisioning that together. And, yeah, I think you could add a lot of value to our life. And I think we could build a lot of memories with our children in a house like that. Because when we've seen these places, we do envision our kids enjoying a yard that overlooks a river, that overlooks a creek. And I think that could make some lifelong memories. And I could envision our grandchildren there as well.

Ramit Sethi: Nicole, what is Michael saying when he said "I wasn't honest"? What is he saying there?

Nicole: I think he's saying that he's trying to not alarm me, not trigger my anxiety.

Ramit Sethi: By doing what?

Nicole: By dreaming bigger than I'm currently allowing us to live.

Ramit Sethi: In other words, he is trying to please you by dreaming small. That's the dynamic that the two of you have established. And you see it in everything you do. You see it in the phone call. "Is it okay if we get tires?" You're accepting the premise, Michael, that you should be asking. That you should even be asking about repairing a car for your family is not the premise that I would accept. I reject that premise. Some things simply need to be done and you do them. And by the way, if you have millions of dollars, you don't even think twice. You certainly don't ask permission.

Nicole, when you allow Negative Nancy to lead with questions only of cost, then you know that your husband, Michael, who wants to please you, starts to respond. And so, now, like someone who's been trained, he's not even honest when I asked him what his rich life is. That's why I was so bored by his answers. Oh, you want to take your kids to the park? Come on, you got to dream bigger than that at your level of success.

And, Michael, I love that you came out of left field. You go, "You know what? I was not honest. I don't want that \$700,000 house," which, by the way, is less than one year of income for you. That's awesome, speaking up. I love this change. And you know what, Michael? I think in your mind, you have this belief that if I speak up assertively, it's going to hurt Nicole. Can you rewrite that for us? If I speak up assertively, I – finish the sentence.

Michael: I'll be honest to myself.

Ramit Sethi: There you go. Let's set some money rules. So, what's our worry-free number?

Michael: Well, I think it should be higher than \$200.

Ramit Sethi: Pick a number.

Michael: For context, for me, again, we have no problems putting in \$2,500 a day into our investments.

Ramit Sethi: I don't need the context. What's the number?

Michael: I'd say \$1,000 for something that's a major expense. And then, just for minor day-to-day things, I'd be fine with 200 bucks. So, if it's something that's like a car repair or something necessary, even maybe more than \$1,000. I think it's what it kind of costs is what we need.

Ramit Sethi: Ho, ho, ho, ho, ho. You lose power when you talk too much. And I suspect this happens many times as well. You overtalk. And remember, what is Negative Nancy looking for when you keep talking? She's looking for only one thing. What is she looking for?

Michael: Not get to the right answer.

Ramit Sethi: Exactly. A way to say no. So, every additional word you have is just like one more exposed part of your skin and I'm going to come in and knife you. Try it again and here's my question for you, what's the worry-free number, Michael?

Michael: Say, \$2000. Anything under \$2,000.

Ramit Sethi: Okay. Say it to Nicole. And you guys agree. I'm just listening.

Michael: I think, Nicole, honestly, when we looked at our budgets and everything else like that –

Ramit Sethi: Stop, stop, stop, stop. I'm sorry. I said I was just listening, but I couldn't stop. Do it again. And remember, you have, like, ten words to use. Okay? Don't waste them on context. Do it.

Michael: I think that we should set our limit at \$2,000 before we start speaking to each other about the need to spend it.

Nicole: Okay. I trust you, and I think that that is a good number.

Ramit Sethi: I love it. Michael, what did you notice about what you were unconsciously doing right there?

Michael: I was very worried about how she'd react to what I was thinking and what I wanted to say.

Ramit Sethi: Yeah. You're like a batter. You're winding up, the bat was in outer space. And I'm like, "No. We don't need all that shit. We already talked about this." So, Michael, you have a dynamic you have to work on. And what is that dynamic? How would you articulate that?

Michael: Being more assertive and honest.

Ramit Sethi: Yeah. And Nicole is playing her part, right? She was like, "Yeah. Okay. I trust you. Sounds good." Done. So, I hope someone's taking notes right now because I don't want to have some argument later about, "Oh, he said this, she said that." Plus, we got it recorded. So, \$2,000 is your worry-free number. That means if somebody wants to buy dinner and they want to get an extra appetizer, are you guys going to have a 35-minute conversation about the calamari?

Nicole: No.

Michael: No.

Ramit Sethi: I better never hear that phone call. If that happens, somebody's in big trouble. If the car shocks need to be repaired, are you guys going to have a Q&A about Nissan's auto structure?

Nicole: No.

Michael: No.

Ramit Sethi: Hell, no. Okay. Good. Great. I love that. That's a beautiful money rule. Hey, what about your house? I would like to encourage you to put on a different lens, do you both want to be climbing seven feet up and going through, like, 800 boxes?

Michael: No.

Nicole: The convenience lens.

Ramit Sethi: Convenience lens. Use the convenience lens and tell me, how could you rid yourself of this problem if you are ready to do so.

Michael: Nicole, I think what we could do is we could call up somebody, a donation agency, and let them know what we have and ask them to come and just take away a lot of the stuff that we've built up for someone else to use.

Nicole: I think that would be a great idea because then someone else can get utility out of these things a lot sooner than we would be able to, and then we would also regain our space back.

Ramit Sethi: I'm going to push on this a little bit. Nicole, aren't you worried, though, that you're going to give away all these diapers and you're only going to have enough diapers for one week? Which means next week, what's going to happen?

Nicole: We'll have to go buy diapers.

Ramit Sethi: Yeah. Isn't that wasting money?

Nicole: No. Because I feel like the shift in my mindset is worth the cost of what the new pack of diapers would be.

Ramit Sethi: That's a great answer. That's what exactly I was hoping you would say. You're exactly right. And you know what? I want to add something. It's okay to waste a little money. This is, like, so heretical for the personal finance world. But the higher up you go, the more that it's okay to waste money. And even actually a little crazy not to waste money. Let me explain. Sometimes I have to go somewhere and buy something and I'm not sure, "Oh, is it going to be this or that?" I order it and it comes to my house and it's the wrong piece. Okay, now do I want to sit there, repack it up, take it to the distribution center, et cetera? No. I just donated it. I wasted money. But my time is very valuable. And sometimes it's not even about time. I just don't want to deal with it.
So, I'll order the right part again. I wasted \$5 or maybe I even wasted \$500. I try not to do it. I try to manage everything. But once in a while mistakes happen. That's okay. Life goes on. There's something more important than optimizing every last expense.

Michael: Yeah.

Nicole: And I don't even think you know how amazing that was to hear — type of people to spend, like, 45 minutes in a return line unboxing day thinking that we have to take this thing back because it doesn't work for us. And why would we throw away \$150 worth of product? Or why wouldn't we try to get that money back? But at the end of the day, like, our time is worth more than that.

Ramit Sethi: Yeah. Can you create a money rule around that?

Nicole: Yeah. Like, if we buy something that doesn't work for us if it's below \$150, let's just donate it or give it away to a family member or a neighbor. And just not even think about it anymore. Not agonize about it anymore.

Ramit Sethi: Michael, how do you feel about that?

Michael: I love it. I love that idea.

Ramit Sethi: You guys are so good. Reframe it in your head. It goes from we're wasting money, what's a reframe you could have? Remember, you're both very, very financially successful. Think about the type of people you're probably giving this to. Reframe that for me.

Nicole: Like, we're able to help out our neighbors.

Michael: Yeah. How about people who can use it? At the same time freeing up our own time and our space.

Ramit Sethi: I like this concept of reframing because it gets you out of your head. The two of you have been so focused on debating over \$50 questions over here and there. You're forgetting all these people are not even close to as fortunate as you are.

So, for example, one of the rules my wife and I have is that we tip big. We have a number and with rare exceptions, we don't tip below that. And we can afford it. And, also, it reminds us like, hey, there's a lot of people out there who need money and it's very meaningful to them.

Is there a rule for the two of you where you could focus on helping other people as well? What might that rule be?

Nicole: Like, if we go get a latte from Starbucks, we could pay extra on our bill so that the next person could enjoy their drink for free.

Ramit Sethi: Is that just at Starbucks? Because if so, that's a very nice rule. I love it. What are we talking about, like \$10 a month? That's not that much. I expect a little more of the two of you.

Nicole: I guess we could have a rule where it's important to me to help out other new moms because I was laid off from my job when I was pregnant with my first child. So, maybe we could have a rule where every month we give a donation to an agency in our area, because there's one that helped us a lot when we were tight, and I was laid off, things are really bad. So, it would be great to give back to them monthly and not even think of it.

Ramit Sethi: I love it. How much?

Nicole: Like, 500 bucks a month.

Ramit Sethi: Michael?

Michael: I have absolutely no issues doing that whatsoever. That would make me feel really good doing that.

Ramit Sethi: This is good. Okay. Very good. So, 500 bucks a month is one of your money rules now, and you know the agency is meaningful to you. Amazing. Set it up, recurring, it's done. That's great. Are there any other money rules you would like to discuss right now?

Nicole: When it comes to our children and their extracurriculars, it doesn't matter what it is, it doesn't matter what it costs. It could be horseback riding or it could just be swimming lessons. It doesn't matter what the dollar amount is, we're just going to do it if our kids even show any inkling of interest in it.

Michael: Let's do it. Let's make it happen. I think we need to just establish an expectation. If the kids need something, let's spend it, let's expect things. Let's know that it's going to happen and then let's not have an issue with it.

Ramit Sethi: Am I guessing that you two have been "underspending" on your kids? Am I reading this correctly?

Nicole: I think what Michael means is we made a budget. And as part of that budget, we did have the kids extracurriculars built in. But I think what he's speaking more to is we had two lines in there that were discretionary fund money for just him and me. And we've never been –

Ramit Sethi: And you didn't spend it. Yeah. Well, of course, you didn't spend it. The two of you hate money. Of course. And by the way, it doesn't help that you called it discretionary fund money. You two don't have any fun with money. So, we're going to get to that. We're going to come up with a rule where you're going to spend a lot of money on some fun. But do you see that structurally you set yourselves up to fail?

Michael: Yes.

Nicole: Yes.

Ramit Sethi: You already lost before you even stepped on the field. You lost for two reasons. One, you both don't like money. You see it negatively. Now, we fixed a little bit of that. You have more work to do, but we tackle that. And, two, you called it discretionary fund money. That fucking sucks. So, what do you guys want to spend on?

Nicole: Like, I would love to buy some gym clothes. I would love, for the first time in my life, to get some beauty procedures done.

Ramit Sethi: Hey, before we go on. Will you just get your computer? Just go get your computer, Nicole. We're going to do a little live-action money dial.

Nicole: All right.

Ramit Sethi: Okay. All right. Open it up. Where are we going? To lululemon.com or – what is it? – Gymshark? What are we talking about?

Nicole: It's [inaudible]. It's like the sister company to Gymshark.

Ramit Sethi: Okay. Okay. All right. I had a feeling. Go ahead. I'm sure you already have it bookmarked or on your Pinterest or your history or something. How many outfits are we talking about?

Nicole: Just one. I just wanted one.

Ramit Sethi: Just one? You've been agonizing for what? Like, months over this one? Pull that outfit up.

Nicole: This is so funny, Ramit. Okay, I'm not joking. My computer is not working because it's broken and I'm putting off the \$200 repair.

Ramit Sethi: We got a lot to talk about. Michael, do you have another computer right now?

Michael: I do.

Ramit Sethi: Okay. So, you pull up your Gymshark type thing. We spoke for a few minutes about this computer. Okay. Nicole, I assume this computer is not even on yet.

Nicole: It's still loading.

Ramit Sethi: That's hilarious. This is, literally, the slowest computer I've seen in 15 years. I love how congruent you are. You know, you're struggling to turn on your computer to open up the page, which

you've been struggling to buy one outfit for. Again, can you guys remind me, what's your net worth again? Remind me.

Nicole: 5.7 million.

Ramit Sethi: \$5.7 million. This is gold. Listen, all I'm trying to do is get you guys to buy one gym outfit for, like, \$100. And it's taking, what, an hour?

Nicole: It's loading still.

Ramit Sethi: Do you guys realize how ridiculous this is? So, let me ask you this. When you go to make typical decisions, diapers, dinner, do you see the amount of friction that you have created in your own lives?

Michael: Yeah.

Nicole: Yeah.

Ramit Sethi: It's like unwinding ten different things. I mean, here we go, "Okay. We're about to buy the computer." "Wait a second. I don't have a credit card." "Okay. We're going to buy the gym thing." "Wait a second. My computer takes over five minutes to turn on." You know, it's funny, but you see the friction that you've created in your lives, right?

Michael: We've made it difficult to spend money. We've made it hard to accomplish.

Ramit Sethi: Correct. So, you have what? The shorts?

Nicole: And the top. All ready to go in the shopping cart.

Ramit Sethi: All right. And how much does it cost?

Nicole: US\$100 before shipping.

Ramit Sethi: Okay. Go ahead. Order it.

Nicole: Okay. Check out.

Ramit Sethi: Tell us what's going through your mind.

Nicole: Literally, never even been to the screen before. Because I've never clicked that button. I just feel relief. Like, I never allowed myself permission to buy these clothes. And it's so nice to hear from someone else that this is okay and a normal thing to be able to give yourself. It's done. We did it.

Ramit Sethi: So, what just happened?

Nicole: We bought the gym outfit I've been looking at forever. And we haven't gone bankrupt and the world didn't implode.

Ramit Sethi: That's right. That's right. What do you think are the big takeaways from this?

Nicole: That it's okay to spend money on things that you value and nothing bad will happen just because you spend some money. It's like a huge accomplishment. And I hope to be able to do that. Like, I endeavor to do this in other areas of my life, probably starting with buying myself a new computer.

Ramit Sethi: I think that's great.

This was quite an adventure. First off, I want to thank Michael and Nicole for coming on the show and being so honest. I especially want to thank them for turning that camera around and showing me the room that they were sitting in. That was revelatory.

What I liked was Nicole connecting how she grew up to how she thinks about money today. And as she made that connection out loud for us, it became very clear that the way she behaves with money is not rational. It doesn't make sense. But just because you realized that it's still hard. It doesn't mean you magically wave a wand and you can change. But at least you start to realize the effect that your actions are having. You start to realize why you're doing it. And with a lot more work, hopefully, you can change it.

By the way, if it sounds like I was being impatient waiting for Nicole's computer to turn on there, I was. Listen, I don't have unlimited tape. Okay? I wanted to get to it. Let's buy this shirt. The fact that it took us over 20 minutes was insane. I mean, I loved it. That was pure gold, every minute of it. But if you find yourself being a multimillionaire damn near worth \$6 million and it takes you 20-plus minutes to turn on a computer, take it directly from Ramit Sethi, it's time to buy a new computer.

In today's episode, we also heard Michael realizing that he needs to be more assertive so that his needs are not ignored. Overall, I'm very confident with Michael and Nicole, very confident. Financially speaking, they've accumulated a lot. They will have a tremendous amount of money. The fact that they came to me and asked for help is a positive sign. And the way that they were able, to be honest and commit to making some changes makes me hopeful for them.

Podcast Episode 43: Our \$300k income is variable and declining, but we aren't adjusting our lifestyle

Synopsis: How do you manage your finances when your monthly pay is inconsistent? Vince makes around \$300k a year in the mortgage industry, while Kasey focuses on raising their kids at home.

Despite that rather high average income, the actual monthly takeaway is incredibly variable—one month could be \$25k, the next month just \$2k. That uncertainty is causing Kasey a lot of stress. On top of that, Vince's income has been steadily decreasing. Vince chooses to remain positive; Kasey is afraid of the worst happening. But neither of them is willing to look at what they will do if that worst-case scenario does happen. When times are good, they spend guilt-free. But when times aren't as good, they begin to worry that they'll never come back out of that hole.

There are reasonable concerns when it comes to not knowing how much money you will have coming in month to month. There are also ways to work around this. Let's find out exactly how worried Kasey and Vince should be, and what they can do to set themselves up to feel more secure.

Podcast Transcript:

Ramit Sethi: Have you ever wondered how to handle an irregular income? You know, one of those incomes where it goes up one month and down another month?

Well, today I'd like to introduce you to Vince and Kasey. Vince earns about \$300,000 a year working in the mortgage industry. While his wife, Kasey, focuses on raising their two children at home. Here's the issue, Vince's income is variable. Some months, he's earned \$25,000. Other months, \$2,000. And when they earn less than Kasey's expecting, it sends her into a panic spiral. And recently she's had a good reason to be worried because Vince's income has consistently dropped over many months.

What do you do when your earnings swing from \$25,000 a month to \$2,000 a month? How do you plan for it? How should you change your lifestyle? And what do you do if it starts to affect your relationship? You're going to hear their story today. Plus, at the end of the episode, you'll hear their follow-up. I'm Ramit Sethi, and this is the I Will Teach You to Be Rich podcast.

Kasey: The income that Vince brings in is highly variable, so we do have that much in savings. But the income ranges from \$2,000 coming in next month to several months in a row of \$25,000, \$20,000, and \$17,000. And that variance is stressful to me. And I don't know how to handle it in such a way that allows us to make any kind of budget or plan.

Ramit Sethi: And when you get stressed out, how does it show up?

Kasey: Vince will say I become very tight on money. We don't have money to pay for a family vacation or go visit our extended family out of state, and things like that.

Ramit Sethi: And when you say "we don't have money," is that true?

Kasey: Not in the moment. It's the fear of a few months from now not having the money.

Ramit Sethi: I see. So, you're projecting out "If we keep doing this, we won't have money." And just to shorten all that up you just go, "We don't have money to do that."

Kasey: Right.

Vince: It gets frustrating only because, and I think part of it, Kasey has done a great job of running our family accounting if you will. She is the money. I make it, it goes into the account, and she budgets it, plans it, pays the bills, and does all of this. If you ask me what we pay for the electric bill, I couldn't tell you. I couldn't tell you for the last year what we paid for electricity, not that I don't care, I just don't do it. That's her job and I think she likes it. Maybe that is an assumption of mine, but I feel like she likes being in control of where the money goes.

And at the end of the day, I don't necessarily care. I make it, give it to her, let her budget and plan, and then we're good. But then, when she says we don't have money, I think, "I know what I made last year, how was it gone?" Like, how was the money that we made, like, to the point where we're stressed, or budgeting, or something like that? And that part frustrates me because if I work this hard to just not be able to enjoy it, it is frustrating.

Kasey: We've had this conversation. He works very hard and sometimes makes a lot of money. And sometimes works hard and doesn't.

Ramit Sethi: Have either of you worked with an irregular income like this before?

Kasey: He's had this job since 2017, so I'm inclined to say yes, but it's never been as irregular as it has been in the last six months.

Ramit Sethi: But what changes, whether it's \$2,000 or \$4,000, or \$2000 or \$25,000? What changes for you?

Kasey: We cannot put money aside for future ones.

Ramit Sethi: Like?

Kasey: Like, vacations. I want to go on more vacations, but I feel like we need those savings as a buffer for the bad months for bills. So, I feel like I can't continuously allocate more money for travel, more money for travel. Or probably more importantly, early retirement is what I'd like to be more serious about.

Ramit Sethi: Kasey, do you enjoy the role of managing the money in the household?

Kasey: When we make a lot of it, yeah. I do.

Ramit Sethi: It's fun when there's extra money, right?

Kasey: Yes.

Ramit Sethi: And then, what happens in the months where there's not?

Kasey: I feel like I'm shuffling things around and watching our little emergency fund dwindle. For example, last month, we found out that Vince's grandma was very sick so we went over budget. And then, I felt like I couldn't do this. I'm bad at this. Kind of a negative narrative. It feels stressful. It feels like we're in debt even though we're not really in debt.

Ramit Sethi: Yeah. You're not in debt. You have hundreds of thousands of dollars.

Kasey: It feels like a weight on my shoulders, though, when we have to dip into savings.

Ramit Sethi: What is savings for?

Kasey: To me, emergencies. Sorry.

Ramit Sethi: It's okay.

Kasey: To me, savings are for emergencies. Like, Vince loses his job and he has to find one, and we need to pay the mortgage.

Ramit Sethi: Where did you pull the money for the emergency travel? Where did that come from?

Kasey: In my mind, the emergency fund.

Ramit Sethi: Well, I'm not asking in your mind. I'm asking, did it come out of a specific account?

Kasey: No. It's all –

Ramit Sethi: It's all co-mingled.

Kasey: I know.

Ramit Sethi: That's okay. Now, I'm starting to understand what's going on.

Here's what we know, they have \$42,000 in savings and considerably more in their retirement. But of the savings, \$30,000 is their emergency fund. And they'd already mentally bucketed the remaining \$12,000. So, when they suddenly had to find \$4,000 for flights to visit Vince's mom, they went over their budget. This is exactly how someone can have tens of thousands of dollars in the bank, but still panic over not having enough. I've noticed that a lot of people have this reaction with money. But if you had it with something else, something tangible in your house, for example, it would just seem so absurd. Let's say that you'd mentally plan to use five Ziploc bags for your kid's project, but then you had to use those bags to store some takeout and you still had 200 left, I doubt you would panic, "Oh, my God. I ran out of Ziploc bags," even though I have 200 left.

Yet with money, our mind plays tricks on us. To many of us, money is not as real as a Ziploc bag. It's just numbers on a spreadsheet. Or more commonly, it's just a feeling. That's exactly why I spend more time talking about how people feel about their money, not just what's in their checking accounts.

How did you grow up with money, Kasey?

Kasey: My father followed the Dave Ramsey cassette tapes, and I grew up listening to that. I think it made me responsible compared to my peers. But, now, it makes me kind of paranoid about money, and I feel like it doesn't apply to our situation.

At some point when I was in high school, my dad lost his job and we were, like, broke. Sorry. Sorry. We had to go to a church to get food. I'm in high school. It felt a little bit embarrassing and it felt kind of scary that my dad was all of a sudden selling our cabin, and selling our snowmobiles, and selling the Corvette. And all of those fun things got taken from us to the point where we had to go get a laundry basket full of food from a church. And that wasn't our lifestyle before that.

Ramit Sethi: Wow. I'm sorry you had to go through that. That seems to have still hit you emotionally, even though it was so many years ago.

Kasey: Because I'm afraid of that happening again. I don't want to get to that point of, like, loading up the kids in our nice cars and going to the church to get food. That doesn't make sense.

Ramit Sethi: Yeah. Do you think that you've carried any of that experience with you into today and the way you manage money?

Kasey: Absolutely. I don't know how to enjoy spending the money that we earn without categorizing everything. And always feel like if I don't save more and more and more and more, the next month, we're not going to eat. I know logically that's not the case, but it can feel that way at times.

Ramit Sethi: What do you tell yourself about what you would need to feel safe?

Kasey: Stability for the most part.

Vince: When I was making 25, 27, 22, 30, whatever it was when it was really good, maybe we didn't take advantage of those times. Maybe we took too much advantage of those times to where now when we're making eight, seven, ten, whatever, less than 15, here we are. It's frustrating to work as much as I do and then feel like we're broke in our minds.

Ramit Sethi: Are you broke?

Vince: No.

Ramit Sethi: One of the reasons that Kasey is scared they might go broke is their spending habits. Whenever they have a good month, they spend it. Then, the next month, they're worried about having money to pay the bills. They told me about a recent purchase they made when times were good. They'd saved up \$20,000 to pay for a deck in their backyard. Listen in as they describe it. So, you go out and you get the deck and all the backyard stuff. And then, what happened the next month?

Kasey: Vince had a "bad month" and the paycheck wasn't as big. And then, I felt stressed. Vince felt stressed because I was stressed. And then, we didn't have the money he wanted for his hobbies, and it created a lot of tension and frustration in the household.

Vince: So, again, multiple great months. Great months coming in, I pulled in probably \$25,000 for three months in a row. Allowed us to put money away, put money away, put money away to other things other than just what we want to do outside. And then, we hit that number, and then, poof, all of the extra "savings" that we have is gone for the backyard. And then, the next month's not great. And, now, we're "broke" or back to, "Hey, it's tight. We can't do this, we can't do that because we just spent \$20,000 on the backyard." And it was a little frustrating.

Ramit Sethi: That was fascinating. Have you ever heard the phrase cluttered desk, cluttered mind? In Vince's case, I want to use the phrase inexact language, inexact finances. All right. That's not as smooth. But let's just notice how loosely he uses words. He says that they put money away, and when they hit that number, poof, all of the savings are gone. Those were his words.

Let me analyze. First of all, they saved up for a deck. But when they decide to spend the money, he uses the word poof, as if it just disappeared. The money didn't disappear, man. You chose to spend it. And then, he says we are "broke." No, you are not "broke," even if you use quote-unquote around the words. You can notice there's a lot of inexact language that's leading to problems.

It's like you telling your partner, "I'd like it if you clean the bathroom a little more." They think you mean to put the toothpaste away. That's a little more. But what you mean is you want them to get on their hands and knees and use Lysol and a toothbrush to clean every last tile. We need clarity.

Also, I just want to point out that the \$20,000 for a fucking backyard deck is exactly the type of phantom cost I tell all of you about when it comes to buying a house. Count these. Run the numbers. Of course, none of you ever listened. And then, you all come back to me and tell me housing is a great investment. All right. I don't want to get in a fight with all of you today. We can save that for another day on Twitter. Let's get back to this.

How did the two of you make financial decisions about the big stuff?

Kasey: I say I want something or I want to do something and I make it happen. And he's generally on board with it. Vince is the type of person to say, "Yeah. Buy it. Let's do it. Sounds great." And then, I do the savings or figure out if we can afford it or whatever.

Ramit Sethi: Let's take an example. I see that somebody has a Porsche. Who has the Porsche?

Vince: I do.

Ramit Sethi: You do? So, was that your decision to buy, Vince?

Vince: Ironically, I would say no, in case you might agree. That's been my dream car. But if you remember the first one, I was completely fine. You said, "Hey, why don't we go get it?" So, we went and got it.

Ramit Sethi: How do you decide if you can afford this kind of Porsche?

Vince: I think that just goes into the monthly budget. There's an Excel spreadsheet that I know that we have that incoming and outgoing, and if it fits in the budget, let's make it happen. That might be wrong.

Kasey: But this particular one, we did decide he could get the larger SUV and the monthly payment would stay the same.

Ramit Sethi: You heard me talk about the monthly payment on a previous episode, didn't you? I can tell because you look like you're cringing, you know what's about to come your way.

Kasey: I don't want to admit it. Let's hear it. Go ahead.

Ramit Sethi: Kasey, why don't you just do my job for me? Make it easy. It's a Friday. Let me sit back with my sparkling water. Go ahead. Tell Vince what I'm about to tell you anyway.

Kasey: He is about to say you don't buy a car based on the monthly payment.

Ramit Sethi: Who buys cars based on monthly payments?

Kasey: Not people who make 300,000 a year.

Ramit Sethi: People who are not savvy with money. Okay. And then, why should you not buy it based on the monthly payment? I mean, after all, that friendly car dealer, Bob, asked you, "What do you want to pay for this car every month?" So, why shouldn't you listen to Bob?

Vince: In my defense –

Ramit Sethi: I want to hear the answer to my question, please. Kasey.

Kasey: I can't remember. If I'm being honest, I can't remember your full explanation on that one.

Ramit Sethi: What's your monthly payment on this Porsche?

Kasey: \$762, I think.

Ramit Sethi: Okay. Did you buy it or lease it?

Kasey: Bought.

Ramit Sethi: Bought. How many months?

Vince: I don't even remember.

Kasey: I don't remember.

Vince: Maybe six years. Six years, I think.

Ramit Sethi: What the fuck? How do you not remember the most – oh, my God.

Vince: That's what I'm saying.

Ramit Sethi: I'm surprised for a couple of reasons. First of all, just in general, how do you not know how many months of a loan it is? That is one of the biggest factors in the entire price. But, second, I'm surprised, Kasey, because you know your numbers well. Every question I've asked you today, you know your numbers.

Let me explain what's going on here since that all happened fast. First, stop buying things based on monthly payments. That's like a child eating crayons. It's fine when you're six years old. But you stop that when you get older. Buying based on a monthly payment is what unsavvy people do. They only focus on the monthly payment when you should be focusing on the total cost of ownership.

Let me show you what I mean. They know that their monthly payment is \$762. But what they don't know is how long their loan is for. So, how much does that car cost? Well, if the loan is for five years, they'll pay \$45,720. If it's for six years, they'll pay \$54,864. That's almost \$10,000 more. And they don't even know how long their loan is for.

And, yes, you finance nerds, I'm not counting the down payment. I'm not even going to get into the phantom costs here. I'm just showing you the point that you have to know the total cost of ownership. Remember, my car payment used to be \$350 a month. But when I factored in all of my expenses, it cost over \$1,000 a month. Now, if I ever hear that any of you have made a major purchase by letting some scammy salesperson focus on the monthly cost only, I'm going to find a picture of you. And then, I'm going to get my designers to Photoshop a picture of you with a crayon in your mouth like some stupid baby that doesn't know what it is and decides to eat it.

Stop this shit. The lesson here, my friends, is to zoom out of thinking about your expenses as monthly expenses and start thinking on an annual basis. Once you get even more advanced, you can start thinking at the five-year level, the ten-year level, and even the 30-year level. That's the kind of stuff I talk about in my Advanced Personal Finance Program, but that's for another day. For, now, I want to get into some specific numbers with them.

So, you all owe about \$75,000 on your cars. How do you feel about that in terms of your income?

Kasey: When we have a \$25,000 month, I feel fine about it. I don't think about it. I don't care. I fall back into some of my Dave Ramsey ways and put extra money down onto those cars. But then, on the months where the income is like a quarter of our monthly budget, I'm thinking, "Oh, my gosh. Why do we have these cars? What were we thinking? We can't afford this. We need to sell them tomorrow." Maybe not that extreme, but that's kind of the spiral that I go down.

Ramit Sethi: Good word, spiral. I can hear that a lot, Kasey. A lot. You know, when things are good, you're riding high. And then, \$4,000 of surprise flights and you start to spiral, "Oh, my God. We're in a deficit." It's a very apt word.

You can see exactly what's going on here. They are thinking monthly. It's like those rat mazes where the rat just goes through the maze. But the camera zooms up and you can see the right way out. But the rat can't see it yet. By the way, I don't mean to compare my guests to a rat, but you get the point.

So many of us make the financial decisions that are in front of us. Should I buy this TV? Should we upgrade our hotel room? Should I buy this shirt or this cheesecake? But we have no idea how to build a system that lets us think bigger.

For example, if you want to splurge on a vacation, how do you do it? You should be able to say, "Okay. I'm going to push this lever. I'm going to do more of this and less of that. And in exactly eight months, we can go and pay for it 100 percent guilt-free." If you have debt, you should know exactly when your debt will be paid off down to the month. You should know exactly when you're going to have \$50,000 in your bank account or even \$1,000,000. Yes, down to the month or certainly the quarter.

But the way that they are going and how most people treat money, they never will. You can't go from making monthly decisions to a rich life. You need a system.

Vince: Growing up, my parents split when I was five or six. My mom moved to Chicago and she made probably \$90,000 or 100,000 by herself. And then, my father ended up with custody of my sister and myself, and he made maybe \$35,000. We lived in a trailer. So, we grew up, I don't want to say poor, but paycheck to paycheck.

And the one thing that my dad instilled in me is that we will be okay no matter what it is. We'll figure it out no matter what happens. And there's never been a time, no matter how little money my dad made when I felt we were poor, even though we lived in a trailer. And there were times when we were almost homeless. Like, before we got in the trailer when they got divorced, we were living with my uncle in his basement while my mom had made \$100,000. It was a weird upbringing, right?

Every other weekend when we'd visit with my mom, we were middle-upper class, I would say, \$100,000 in the early 2000s, late '90s. And then, during the week, we'd go back to our trailer. So, I feel like my carefree attitude with money comes from my dad being such a rock, and we'll figure it out. There's never a point in life where we won't be okay.

So, I don't think we deserve everything that we have, but I work my ass off for it to be able to provide that for the family that we have and so we can do the things we want.

Ramit Sethi: I can't imagine what that was like going from the trailer to middle-class or upper-middle-class life and then back, that's got to have been a weird experience.

Vince: It's weird. Yeah.

Ramit Sethi: Wow. Okay. So, you mentioned interest rates, and interest rates are going up, is that going to affect your job?

Vince: A hundred percent.

Ramit Sethi: Okay. In a worse way, correct?

Vince: Yes.

Ramit Sethi: All right. So, for the foreseeable future, things are likely to get worse for you or your industry, how is that going to affect your pay?

Vince: I have faith in the company that I work for that will take care of us. So, they make adjustments to pay based on what the market does. We're not going to have the same goals that we would have mid-pandemic when rates were in the low threes or high twos. So, I have faith in the company that I work for that they will take care of us still to allow us to live the same lifestyle. It's more of an adjustment period now to figure out what this market does and how we can help clients where the market is now. When we're talking to people that have 2.75 interest rates, we have to sell them a 5 percent interest rate.

Ramit Sethi: That seems unlikely.

Vince: There are times when it works. Because a lot of people have debt and that's why we're talking – not we're talking to you – but that's why I bet a lot of people talk to you.

Ramit Sethi: I can't help but feel like Vince is being naïve here. He works in the mortgage industry, which is extremely sensitive to interest rates. Interest rates have gone up dramatically in just the last couple of months. And when they go up, people in Vince's line of work, get laid off. I'm sure your job loves you, but it is a job. And history suggests that this industry is going to dramatically and rapidly contract. It's already started to do so. But for the sake of discussion right now, let me give him the benefit of the doubt.

Let's assume that your company tries to help you out. And at a certain point, it's just not working. What happens to your lifestyle if the job can't pay what you used to make or, if worse, there's layoffs?

Vince: Obviously, lifestyle would have to change. And maybe we do sell the cars. I don't know why the cars end up being the thing, because it's higher payment, maybe. But there are things we could trim from the lifestyle that we live. Like, man, the amount of subscription services that we have we could get rid of. We can get rid of the person who takes care of the pool. We can get rid of whatever it is in the services that we have. With the lifestyle we live, we could trim the fat if worse came to worse.

Ramit Sethi: How do you feel about that, Kasey?

Kasey: I think trading out the cars would be the faster option. And the cars that we have, wouldn't make up the difference for the subscription. That's not even close to being even. Any subscriptions or services we have –

Ramit Sethi: Put aside what Vince said. Forget what Vince said. I want to hear from you. If the industry got tougher for Vince and he could never equal what he used to make or, worst case, he got laid off, what would that mean for you?

Kasey: I'm sorry. I hate to think about that.

Ramit Sethi: Why do you hate to think about that?

Kasey: Because it would mean – excuse me. Let me gather myself real quick. If that happened, it would mean I would have to probably start working again, which I'm not against. But it would mean I'd have to put the kids in daycare and not be with them all day. I would hate to do that. That would be the worst. And I hope Vince would find a different job, if he had to, of course.

Ramit Sethi: Okay. Okay. Have you both talked about the possibility of that happening?

Vince: No.

Ramit Sethi: What is it? Is it that it's too dark or is it just that, "Hey, we can figure out a way that that won't happen"?

Vince: Again, I am very confident that it wouldn't happen.

Ramit Sethi: This moment right here is why I love doing what I do. Vince's variable income has been going down for a long time. It's putting them at risk, but they cannot seem to make a change. They can't even seem to acknowledge it or talk about it. But they did one thing, which is amazing, they reached out to get help.

So, by talking to me, they get a third party who's helping them talk about the elephant in the room. And that's my job, to help them confront the elephant and question their assumptions. Like, will this job take care of you? And then, let them come up with their answers. Sometimes I have to push people a little bit because part of living a rich life is being honest, honest with yourself and honest with the people around you.

They'll tell me something and I'll say, "Really?" And suddenly, this belief they've had for 20 years will just crumble with me asking a simple question. Do you believe that? In this case, Vince can say things are going to be okay over and over. But if we look at the objective clues, I'm not sure I believe he's earning less than a few years ago. His industry is contracting and his wife is worried.

And you hear a lot of this false optimism often. Since most people don't understand how money works, they adopt an almost religious belief that things will always be okay. Sure, things might be okay. But shouldn't we get real about how bad things could get?

Vince: It sucks to be working harder for less money because as the market gets harder, we're not doing the same thing we were in the pandemic. But I think it is a little bit on the – I don't want to say the scary side because, again, I'm confident that we'll just get back. We'll figure out what the difference is with where this market is now, and then the money will just come back. Because it always has. I've been here for five years and it's up and down. It's a little bit of a roller coaster.

Ramit Sethi: Well, five years of the biggest bull market in history. Kasey, what do you think?

Kasey: It makes me nervous to see income going down, down, down.

Ramit Sethi: What percentage of gross income do you save and invest?

Kasey: Invest? Not as much as we should.

Vince: We max out the 401K. We do have a stock purchase program that we have that I contribute, I think, 10 percent to as well. But I also agree, making as much as I did, say, last year and the year before that, we could have invested more, or had put away more, or what have you. But I feel because of the surplus we would have in months, there's always a big purchase that we do per month, whether it's an emergency flight like this, or a backyard, or painting the house, or getting the roof, or getting a car. Like, something comes up monthly where the surplus goes to that.

Ramit Sethi: Kasey, why did you just look like that?

Kasey: It's not stuff that comes up like an emergency. We didn't need an emergency Porsche or an emergency Volvo.

Ramit Sethi: Those things don't just come up. It's interesting how your language reflects this passivity, "Oh, something comes up." The Porsche, that didn't come up. You chose to buy it. The flight, that came up. I think we can all agree on that. But funny enough, of all the expenses you mentioned, that is the most inconsequential of all. It's pretty interesting. So, can we rephrase that? Instead of when we were making a lot of money, things came up, what might you say instead?

Vince: We spent it.

Kasey: We decided to enjoy it. Go big or go home.

Ramit Sethi: Yeah. You're living the high life. And, hey, you were earning a lot of money. And I hope you continue to earn that kind of money. But it's really hard to adjust when you're not earning that kind of money, isn't it? It's not just about, "Oh, my gosh. We might have to stop with the pool guy. And we might even have to sell our cars." I think it reflects a lot, Kasey, for you most certainly, with what happened with your dad having to sell the fun car, that kind of thing. You can see that this kind of stuff goes a lot deeper than some monthly payments.

There are a lot of reasons to ignore a big problem, like Vince's declining income. There's always a hope that things will turn around. And it's overwhelming to make a plan. But the deepest reason of all is that losing his high income would challenge their identity. Their identity is very strong. It's made up of a beautiful house with this travertine patio, a Porsche, and Kasey taking care of the children at home. Identity changes are the most difficult of all to change. And that's one reason you should be very careful about what you allow to define you.

I truly hope that the two of them go back to making what they used to make. But in the face of their income slipping away and, therefore, their identity, we can start to understand why they prefer to ignore the possibility and just hope that everything works out. I understand it. But that's not a plan.

Your cars are really expensive. If you were making \$300,000 a year consistently and safely, and you had more in savings and investments, I'll be like, "That's cool. I get it. It's your splurge. You like it. Fine." You know, in the short term, it might be a little expensive. But over several years, it's fine.

However, if your income continues dropping on the trends it has been for the last six months, those cars turn from joyful to something really bad quickly. Nobody can tell you how quickly that happens. Nobody. Only you two can decide.

But I will say, Vince, you seem to be very positive. I like talking to positive people. You seem to be very positive about your job. I hope you're right. I can tell you that the mortgage industry is very cutthroat. The real estate industry, the banking industry, the minute it's not going to serve them, they're going to lay everybody off.

Well, there's a company that just announced it recently, better.com. They did two rounds. You probably heard of them. You probably have friends who work there. Boom, 4,000 people gone. So, I'm not trying to scare you. You know the industry better than I do.

But I think what I would like to do with the two of you is to start talking about a plan that represents, first, how you handle variable income. And two, how do you start planning in case things do not go well from an income perspective? I think if the two of you did that, you'd both feel a lot safer. You'd both feel a lot less stress. Hopefully, you don't have to pull out this doomsday plan. Hopefully, everything goes well. You're just like, "Oh, we're making great money. Now, we know what to do with it." But if you need to, you've got it in your back pocket. How does that sound?

Vince: Great.

Kasey: Great. Ideal.

Ramit Sethi: Good.

You know, here I am editing this podcast and I was listening to that last section, and I was reflecting on that in my 20s. I would have verbally eviscerated them in that last comment. I would have told them how bad they are with money, and I would have point-blank said, "You're probably going to lose your job." And I would have calculated out exactly when they're going to run out of money.

And looking back, I could tell you exactly what would have happened. I could even see their faces if I told them that. And it makes me cringe because I did that. I was so convinced early on that people needed to hear why I was right. That I completely disregarded the emotional side of money. "You know, you need to open up a Roth IRA. Here's how much money you're losing. Oh, my God. It's such a waste."

Now, I'm not going to lie. I still love being right. Just go look at my Twitter account where I dunk on Trump supporters and tax kooks and crypto scammers. But over time, over the last 20 years, I learned. That you can be right and still not connect with someone. And that's the entire reason that I think this podcast works. It's why I started it. Because I want to show you the beautiful intricacies of actually reaching people around the topic of love and money. It's really hard. I know that because I've had to work my ass off for the last 20 years to figure this out and I'm still learning.

In my last comments to them, I think I reached them. And I reached them because I explained the severity of the situation in a way they understood. My job isn't to scare them. It's to gently nudge them so that they can take ownership of their decisions. I can't do it for them. Only they can. And by the end of this episode, you'll hear if it worked.

So, Vince characterizes himself as the one who makes the money. And you characterize yourself as the one who manages the money. So, I want to talk now about the management of the money. You've been doing it. You know your numbers. You know every number except for the term of your car loan, which is fine. I'm sure you'll figure that out. So, when Vince gets his paycheck every month, how do you think about where the money should go?

Kasey: First and foremost, what bills need to be paid? And then, depending on what's left over, lately we've been focusing more on savings because of what's been going on with paychecks.

Ramit Sethi: Meaning that the lower the paychecks are, you're now starting to get nervous and starting to try to save more.

Kasey: Yeah.

Ramit Sethi: Do you notice that both of the things you already just said are reactive?

Kasey: It's not proactive.

Ramit Sethi: Yeah. We pay our bills. Whatever's left over, then we do something with it. And then, secondly, we are saving more now that his income is less. Do you see the pattern?

Kasey: Absolutely.

Ramit Sethi: Can we flip that to make it more proactive?

Kasey: Sure.

Ramit Sethi: All right. So, I make a variable income. My income can be up or down. How do you think I do it?

Kasey: I imagine that you pay yourself first, invest, save, pay your bills, and then fund money – I don't know.

Ramit Sethi: Yeah. That's it. That is what I do. I will pay myself first. How would I decide how much to pay myself first?

Kasey: I wish I knew.

Vince: Ten percent or something.

Ramit Sethi: Yeah. That's exactly right. So, I have a rough percentage – well, it's not a rough percentage. I know the percentage down to the decimal place and I pay myself that much every month. So, some months it's more, some months it's less. I'm simplifying my situation so that it makes sense for you. But that's exactly right. That is a great rule to use 10 percent of gross income I would be saving every single month. Okay? Now, let's talk about how much I would be investing every single month. What percentage do you think I would pick?

Kasey: Five percent.

Ramit Sethi: Maybe a little more.

Kasey: Vince?

Vince: Ten.

Ramit Sethi: Yeah. I would pick ten. Again, I'm just giving you really simple rules. Ten percent for savings of gross income. Ten percent of gross income for investments. Nice. That's solid. If you did that for your income, how much would you have in one year based on a \$300,000 income in your savings?

Kasey: Thirty thousand?

Ramit Sethi: Yeah. And how much would you have invested?

Vince: Thirty.

Ramit Sethi: Yeah. Now, that's pretty good. I'm guessing – how much do you think you save per year?

Vince: I feel like we do a very good job of maintaining the emergency fund. And then, the rest goes to planning vacations, backyards, things we want to do. So, we maintain the investments or maintain the emergency fund. And then, the rest is like, "Hey. We got 20 grand, let's get a backyard."

Ramit Sethi: And then, the next month, you feel stressed out.

Kasey: Yeah.

Ramit Sethi: Something is missing from that formula, right? Because you make such a high income, it has afforded you the ability to not pay attention to the mechanics underneath it. So, let's get those mechanics dialed in. And then, if your income goes down, you're still going to be saving money. You're still going to be investing. You might have to cut that down, though. Your expenses, we'll talk about that. But overall, at least you have a plan. And then, best of all, when your income goes back up, you're still going to be investing and saving and it's going to grow a lot faster. When I look at your numbers, I think you're low on savings. For the income you have, your savings should be a lot higher.

Kasey: Yeah.

Ramit Sethi: And how long have you been earning this kind of income?

Vince: Probably the last two years in a row, I had \$300,000. The year before that it was probably –

Kasey: 250 or so.

Vince: Yeah. And then, maybe 190. It just kind of went up. As you stay with the company, you get promoted and then your bonuses and commissions are more.

Ramit Sethi: Look, I'm not here to judge anybody. I've been in a Porsche once. It was pretty cool. It's not my thing, but I think it's cool. As I told you, if you had a consistent job, I'd be like, "Yeah. That makes sense. I get it."

Let me say this, when I look at your finances you tell me, "You know, I've been earning a high income for the last four years or so." I go, "Okay. Cool." So, what do they have to show for it? Now, some people have a large portfolio. Sometimes it's too big, I go, "You've been saving 70 percent of your income, can you get a life? You got to spend some of this." Other people are in total debt. They have nothing to show for it.

You have a little bit of both. It's kind of interesting. You've got \$225,000 in your 401K. You've got about \$35,000 in two different IRAs. That stuff is fine. It could and should be higher. But, hey, at least you've got hundreds of thousands of dollars. That's great. That shows me you can invest aggressively. That's awesome. The savings is low. Do you both know why your savings are low? It's not just that you bought the travertine thing. Why is it low?

Kasey: We don't save consistently. We take what's left over and probably mostly spend it rather than save it.

Ramit Sethi: Exactly. You spend it when times are good. And you save it when times are bad.

Kasey: It's a little backward.

Ramit Sethi: It's backward. Yeah. Exactly. And so, when you put savings last like you do everything else before savings, it's no surprise that it won't get prioritized. I mean, imagine reading to your kids when the time is right, would you be like, "Oh, we'll read to our kids if everything else gets done." No. You're going to find a way to read to them. It is a core part of your day. That's how they learn. Same thing with savings. Vince, you made this offhand comment that if it went on for a long time, it might start to affect your relationship. What does that mean for the two of you if this kind of money stress goes on for a long time? What would happen?

Kasey: Instead of a one-off conversation every few months, it would become every week, everyday conversation.

Ramit Sethi: What about the kids?

Kasey: I like to think that we wouldn't discuss it in front of them.

Ramit Sethi: How old is your oldest?

Kasey: She's two.

Ramit Sethi: Okay. Still a little young, but they pick up on things at a surprisingly young age.

Kasey: Yeah.

Ramit Sethi: I had another couple and one of them said he would become very lovey-dovey when he knew there was stress. He would start to hug his mom or things like that. And so, they pick up on things at a very young age.

The stakes are getting higher. They've been downplaying how bad the situation is, but it's getting worse. And the worse it gets, the harder it is to deny. Remember that Kasey started crying when she was discussing money. And, of course, there are the children.

I'm hearing a combination of three things. Vince is being naïve about his job. Kasey is not being precise about how she sets money aside, including not involving Vince in the money management. And both of them are being impulsive about their spending. Now, honestly, none of this is that bad if they're consistently making \$300,000 a year. But the minute that stops, the house of cards falls apart.

The way I see it just from the outside is, that if interest rates affect your career prospects and interest rates are going up multiple times over the next year, then I would start planning for some tough times. You two need to discuss whether you believe that's true or not. And you also need to discuss what if you're right or what if you're wrong.

I'd rather be a little bit conservative if there's career risk. Worst case, you know, I don't go out to eat a couple of times a month, or whatever, I don't have a certain car, and I end up with a big fat amount in the bank. Fine. I'll spend it next year. But the other alternative is if I get it wrong and I get laid off, boy, I'm in a really tough position with my family.

Again, that's up to you to decide. If it were me, what I would say is, okay, six months is what Ramit's baseline recommendation is for an emergency savings account. You know what? I think we should go higher. I think we should target nine months. Now, it might take us a year to fill that nine months of emergency savings up, but we should prioritize putting a little bit more in there. That would be how I would approach it. It's totally up to you if you agree with that.

And even if you agree, how long do you want to take to fill that thing up? I'm not saying that you need to take every single dollar you earn and put it in your emergency savings. That's not the case. But you do want to start getting a little bit more proactive about your money. Okay. That's number one. Number two, what are you currently saving for, for the fun stuff? I know you've both got something you're putting some money aside for. You're ready to get it. What is it?

Kasey: I think the only fun thing we're saving for right now is just future family vacations. We want to do Disney with the kids, of course. And I don't want to do it the budget way. I want to go big and get all the extras.

Ramit Sethi: The kids are so young. When are you going to do this?

Kasey: Probably two years from now.

Ramit Sethi: Okay. Fine. Two years. So, you're saving a little bit each month towards that?

Kasey: Yeah.

Ramit Sethi: Great. Okay. No comment on that. Sounds good. I love that you're being proactive about that. It's funny, you're proactive about Disney two years in advance. That's awesome. So, that tells me you can do the same thing with your investments and your savings as well. All right.

Let's just take that same energy and redirect it to savings. I don't like to just have general savings. I like to have purpose-built savings accounts. So, usually, I keep it around six. One will be on vacation for the year. One will be something called stupid mistakes. I created this when I started getting traffic tickets. You can see that I'm being proactive. What are some other major categories of things that you would save for?

Kasey: Family visiting?

Ramit Sethi: Yeah. Visiting family. Great. How old are you?

Vince: Thirty-four.

Ramit Sethi: And how much do you think you would need to retire? Do you have any idea?

Vince: To live our same lifestyle, I would say maybe \$4 to 5 million sitting in an account, multiple accounts. I'm not going to get any kind of a pension or annuity or anything like that from where I work, so it's going to be 401K investments and things like that.

Ramit Sethi: How much do you think you need to contribute each year to investments alone to hit that number by 50? Just guess.

Vince: Forty thousand.

Ramit Sethi: A hundred thousand.

Vince: Eye-opening.

Ramit Sethi: Yeah. Now, what do you think about all the expenses that you've been spending money on?

Vince: It goes against the goal.

Ramit Sethi: Beautifully put. It's like someone's trying to run down the field and their teammate is holding them back from getting to the end. It's not just that they're being slowed down. It's actively pushing them in the opposite direction.

Again, if you told me my money dial is cars, I love cars, or I love my house, or playing in the backyard, fine. I'm not Dave Ramsey. I'm not going to come in here and tell you everything you're doing is wrong. I

don't like that. I want you to spend on the stuff you love. I want you to spend more on that. But you both mentioned to me retiring early was important to you.

Kasey: I think that we should have a plan.

Ramit Sethi: Well, let's make it right now. We're all here together. Let's do it. If the income stayed low for the next six months, what would it mean for the household? What would you need to do?

Vince: It would be cut, cut back.

Ramit Sethi: Yeah.

Kasey: I think the fastest way would be to get rid of the cars, trade in the cars. That would be easy fast money, if we get to that point.

Ramit Sethi: I feel like there's no vision. If you were to go trade in the cars, here's how I bet it would go. The income would stay low for several months. You two would have increasingly stressful discussions. You want the income to go back up because you both got used to it and you both like it. And I don't blame you, that's a really good income.

But at the same time, Kasey, you're mentioning, "Hey, I don't want him to overwork himself. I want him to have work-life balance, time with the family." But that may be incompatible with him earning that kind of money in his industry. Then, if things keep getting worse, you start getting these drastic your back is against the wall type of decisions. "Let's go trade in the cars and just get rid of them. That'll do something." And then, two months later, you're going to look at your bank accounts and be like, "Oh, shit. We're still in trouble."

Why? Because there's no vision. There's no actual running of numbers here. It's just one reaction after another. Things are bad, work harder. Things are still bad, take a step down and run your own money. Things are still bad, sell the car. "Uh-oh. Now, we're really in trouble." Does that sound realistic? Does it sound like something that could conceivably happen?

Vince: Maybe because I'm so positive like you mentioned, I don't think so. I don't.

Ramit Sethi: Why?

Vince: I do trust in the company I work for. And I do trust that maybe, like I said earlier, my dad kind of instilled in me. We will figure it out and everything will be all right at the end of the day. Like, we were not going to get to the point where once we sell everything, then what? I don't see that.

I mean, your question was, do you conceivably think that could happen? I mean, it could. World War III and then housing isn't going to be at the forefront of anyone's mind. They're going to be thinking about a lot of other things other than refinancing or purchasing a home.

Ramit Sethi: Do you have one of those things in your kitchen, you know, those things that say, like, Home Sweet Home? Or one of those signs everybody gets at Ross. You know the ones I'm talking about?

Vince: I know what you're talking about. I don't think we have one. Do we?

Kasey: We don't. But, yes, I know what you're talking about.

Ramit Sethi: Thank God. I'm sure all of our moms had it in their house. So, my mom had one with a list of, like, 20 different sayings and they're positive. And one of them was "Trust in God, but lock your car." And I think that might be relevant here. Trust in your company. Sure. That's great. But make a plan if everything goes dark.

It would have been best had you made the plan at your 300K peak. That would have been best, but we can't turn back time. So, let's do it right now. And then, best case, you never have to pull this plan out. Great. But the worst financial situation in the world is to have your back against the wall, to have no options and only bad choices.

I want you to be saving. I want you to have at least six months of an emergency fund. You have five months, you're close. You could get there in a couple of months. Your investments should go up, but they're currently fine. You probably cannot afford to do much more at this stage with the income where it is. That also means that you're not on track to retire early. Not even close. But that's a problem that can be dealt with later. When your income goes way higher – I mean, your income has gone up so dramatically in the past – you could catch up, like, in a matter of a few months or even a couple of years. Your expenses are a massive risk to you. I'm not just talking about the cars. I'm talking about how you both spend money on something really expensive, basically, every single month. And both of you just kind of shook your head and, like, bit your lip, because deep down you know it's true. You like nice things. I don't blame you. I like nice things. You both are very loving to each other. You encourage each other. "Yeah. Honey, get the Porsche. Let's get the thing for the backyard." Right now, each thing you buy increases your one-time expenses and your ongoing expenses.

So, what would I do? I'm going to minimize expenses in a couple of ways. It's a great time to get rid of cars. That Porsche is a big one. And if your income stays the way it is, that's going to become something around your neck. Now, you're making a bet here because what if you sell the Porsche and then two months from now, your income goes way back up to \$350,000? You're going to say, "I hate that guy, Ramit." That's why it's up to you. The point is, where could you get \$30,000 that you could put in your savings and give you a cushion for what might come?

Finally, there are other expenses that I think the two of you mentioned. I'm not talking about the pool guy. That's not the level we're at right now. You two are not in that kind of financial precarity that you need to start cutting \$50 here and there. I'm just thinking, what could you do to get ahead? Anything where you're like, "We're spending \$500 to \$1,000" when you were making 300K, it's irrelevant. Who cares? Now, it's pretty important.

So, I think that if you were to do that, number one, you're going to create a lot more discipline. That's going to help you get back to your early retirement goals. Second, Kasey, it's going to help you become a lot more calm about money. Right now, there's just a lot of uncertainty. I get why you're stressed out. Kids, incomes going down, every time you pull out of the savings you feel like there's a deficit. Even though I'm looking at your numbers and I'm like, "Okay. You got money here." But I understand the trend is not promising.

Kasey: It feels good to have somebody say out loud what I've been thinking and what I know needs to happen.

Ramit Sethi: Yeah.

Kasey: Somebody whose financial advice I trust.

Ramit Sethi: What else? Do you feel nervous?

Kasey: Sure. It's a change. But it's been a change anyway going from 25 grand a month to even ten has already been a change. So, we have to do something.

Ramit Sethi: That's right. And the difference is, you can take control of this instead of letting outside factors control you. You know, sometimes you have to make tough decisions. I think it's better to just at least make them yourself. The worst thing in the world is to have to make tough decisions, but someone else is forcing you to do it. You just then feel totally out of control.

Kasey: Right.

Ramit Sethi: So, if the two of you can make that decision together, hey, I think we should just get out ahead of this. Let's create a plan. This is all in the book, by the way. You know, let's talk about how long we need to tighten up for, and then when will we know that we feel safe and that we can loosen up a bit. So, it's not that you have to do this forever. Again, if the income goes up to 150, 200, 250, or 300, you should spend on stuff you love. I don't mind it at all. I think it's great. But you probably need to adjust where you are today based on your income.

Vince: I know that we need to change. I do think frustrating is, again, not the right word because it's just like, "Man, maybe the mistakes of our past are in the behind right now." We were loose with it because it was coming in hand over fist. And it was – I won't say easy – but it was easy and now it's not. So, it's just a change that we have to make and you just do it.

Ramit Sethi: When I'm looking at these numbers, I go, "If they get out ahead of this, then even if things get worse, they're going to feel good. They've created a buffer for themselves." And then, Vince, you're going, "I make a lot of money. I have faith. I have trust. And even though things are a little tough right now, I think that things are going to go great." So, isn't it interesting that we all look at these numbers in three different ways and nobody's right, nobody's wrong? Time will tell. And, also, you all will tell what kind of life you want to live for yourself.

I don't want you to be stressed. I don't want you to spend money on stuff that's not a core part of your rich life. But I also do want you to spend on stuff that makes you happy.

We started today's episode by talking about irregular income, but Vince and Kasey's story goes a lot deeper than that. Remember that Kasey saw her dad lose his money. That still affects her. And Vince grew up believing that things always work themselves out. So, he's passive and, at times, naïve. Both of them are impulsive spenders. At \$300,000, they've masked it. But now that their income is going lower, it's like the paint is chipping away and they can see what's underneath.

My suggestion to them was to get aggressive, and ideally really aggressive. If they can sell these expensive items, and start being disciplined about savings, they set themselves up for success no matter what income they're making. But if they don't make these big changes, they're betting that they'll keep making \$300,000, which is a very big gamble. And they need to do this together. No more delegating money to one person. In a relationship, a rich life is built together, not by yourself.

Now, I promised you a follow-up, and here it is. After talking to them, I encouraged them to keep in touch. About a month after we spoke, I received a follow-up letter from them.

Here's what Kasey wrote as an excerpt, "Immediately after talking with Ramit, we started working on our finances as a team. A few weeks later, Vince took a higher-paying role. And the biggest changes of all – happening as we speak – we are turning in the Porsche Cayenne to get a less fancy SUV that we'll own free and clear."

Podcast Episode 44: Trust in the universe, and it (or my partner) will provide

Synopsis: Today's couple is actually on the same page when it comes to their Rich Life, but they're not making much progress toward it. Alex brings in \$70k from a full time job. Charlotte runs their joint business that isn't making much money yet, but should be soon. They both know what they want, they just have different perspectives on how to get there.

Despite their income recently doubling, they are living paycheck to paycheck—while outright ignoring over \$200k in student loan debt. Charlotte believes the universe will take care of them ... but when it doesn't, Alex feels like he has to step in and fix everything.

Charlotte is highly intuitive, but intuition alone won't get you to a Rich Life—you also need to be able to analyze your situation. Hearing Charlotte and Alex work toward common ground may help you realize where you're playing small in life by relying too much on one skill set while ignoring the other.

Podcast Transcript:

Ramit Sethi: Today, I'd like you to meet Alex and Charlotte. Alex is 31 years old and he brings in about \$70,000 from his full-time job. Charlotte is 29 and she's focused on building a business, which doesn't yet bring in a lot of money. Charlotte calls herself an intuitive. She believes in letting the universe take care of her. In today's conversation, you're going to hear her use words like manifesting.

Alex has had to play a different role. He's had to step in to save the day whenever this faith in manifesting has not been enough. As a result, they live month-to-month. They both have a lot of debt that is not being tackled. And this is a problem because their income recently doubled. They need a plan for what to do with this money because so far it just seems to be disappearing.

Charlotte: We decided that we wanted to elope. And the first question that came to Alex's mind was, how are we going to pay for it? And that's a valid question, but I don't think that's the first question we need to ask. So, I went into thinking about that and then I drew up a short budget. And I'm not usually a budget-writing person, so it was a very loose budget. But after that, I said, "Okay. We need to manifest \$5,000." So, I didn't look at it as what are we going to dig out of our savings? But, how much money are we going to allow to come into our reality?

Literally days later, my dad handed me a check for \$5,000 that came from my grandparents, who recently passed away, and they wanted every grandkid to have \$5,000. So, that was just such confirmation for me. And it felt like a blessing and it felt like blessings from my grandparents. And it was just like, "Okay. Well, there it is. That's a relief. This is a yes. This is our wedding money. And we're going to put it aside for that."

Alex was going along with that, and then it surprised me when he said like, "I know that you have an idea for that money, but if we were to put all of that money towards our credit card debt, we would be able to save, like, \$500 from interest by June," which is when we plan to have the ceremony. So, that was drawing for me because that is so not the vibe.

Ramit Sethi: What does that mean the vibe?

Charlotte: I just felt kind of, like, peaceful and blissful and I just had a lot of gratitude. And his recommendation felt like a contrast to that, where it felt cold, calculated, and rigid, and just a bummer to me.

Ramit Sethi: I'm not a big manifesting guy. I don't use the word, but I don't mind it. I can understand the idea that we need to make space in our lives for the things we want. That it's okay to say what we want.

At its best, manifesting can help us be intentional about the kind of lives we want to live. It can help us make a plan to get there. But at its worst, manifesting could be a phrase that broke life coaches used to convince other people to sign up for their coaching programs on Instagram. Charlotte's use of the word manifesting is a major clue to how she thinks about money. What have you noticed so far?

Charlotte: I was raised Catholic, and so there's a lot of interesting money kind of programming that comes into play that I've been working through a lot in the last few years.

Ramit Sethi: Like what?

Charlotte: Like, a rich man has a better chance of getting into heaven than a camel passing through the eye of a needle. So, very much like renouncing any sort of wealth and abundance, in the interest of being humble. So, as a kid, and very impressionable, I was just like, "Okay. Let's go move into a manger. Let's give all our money to God and we'll be taken care of." And growing up, I think that there are pieces of that that are valid. I do think that God, the universe, whatever you want to call it, really does provide. And I've experienced that. I've experienced that example with the check, it's the perfect thing. It's like, this is what I need from the universe and it did provide. I don't think that money has to come from, like, grinding and working hard. Of course, you have to work hard, but I think it can come to you more naturally.

Ramit Sethi: Charlotte is essentially saying that if you're a good person, you'll be taken care of. I'm not loving it. And, of course, any time something good happens, it's interpreted under this lens, "See. We made \$5,000. God takes care of us."

Remember that poster that my mom has in her hallway? It says, "Trust in God, but lock your car." And on the back, there's a discount price tag from TJ Maxx. Now, if you believe in God, that's great. But you still need a conscious spending plan. And now that I think about it, if Charlotte was right, if the universe took care of her, why would she be on a call with me?

Were your parents wealthy?

Charlotte: Not really. My dad was in the military for a long time. So, the first portion of my life when he was in the military, we were well taken care of. He was, like, a commander in the Navy and we are good. We are traveling around Europe. Anything I ever wanted, like beautiful gifts from all around the world. And it was just like a secure, wonderful childhood.

Then, after my dad retired, my parents started a little country store right at the beginning of the recession, and kind of lost it all. So, times were growing up when we couldn't go somewhere because we couldn't afford gas. We could only do one errand a day. We lived far out in the country, so gas was a really big deal, and upstate New York is expensive. So, I remember things like that. I remember feeling bad about asking for lunch money. It was abundant at first, but then it turned more scarce.

Ramit Sethi: What were the messages that you started receiving when things became scarce?

Charlotte: Honestly, it felt like my dad, he kind of turned it so that there was almost like a pride around it. Like, God will smile on us or God will be happy with us for living so humbly and frugally. And there are so many more things more important than money, like having a home over your head, having a family, and having food. So, many more things are important than money and we should focus on those.

Ramit Sethi: Do you agree with that?

Charlotte: I think that it's true. It's important to be grateful. But I think that when you have that mindset, you can block the money from coming in. Because if you say, "Well, I have a roof over my head, I have food on the table, I guess I don't need money because that's not as important." Where that's not true. I think it's important to have money flowing in abundance is a wonderful thing.

Ramit Sethi: Alex, I want to come back to the wedding check. So, you had been talking about eloping. And she comes to you and says, like, we should get married. And your first question was what?

Alex: How will we pay for it? My first response was, like, we could use it to pay off debt. That's probably it.

Ramit Sethi: So, when you said to her, we could use this to pay off our debt, and then I'm sure you probably showed her your calculation, we can save this much in interest.

Alex: Well, no.

Ramit Sethi: I've been that guy. And how did that go over with her?

Alex: She said, "We're not doing that. This is important to me to use the money that I got from my grandparents who passed away for something that is enjoyable and not a cold, calculated decision."

Ramit Sethi: And how did you feel about that?

Alex: I felt understanding. She had just lost her grandparents. And I agreed that would be a good use of \$5,000. And \$5,000 wouldn't get us out of debt. So, I understood that perspective.

Ramit Sethi: Okay. So, what's the issue here, Alex, as you see it? What do you think is the real problem here?

Alex: For me, the problem is Charlotte has many ideas, as do I, of how to live a rich life. I take the perspective of, "This is what we want. How do we go from step A to step B to get it?" Her perspective is more, based on my understanding of it, "This is what we want. We'll do it and we'll figure it out afterward." So, I would say that the biggest problem for me is, when things don't work out, I have to come in and save the day. And that's happened many times because I have the credit. Not anymore, but I did have the credit. I usually can come up with money by working.

Ramit Sethi: Can you give me an example where you've had to save the day in the past?

Alex: Sure. We moved from Oregon, where we met in graduate school, to Richmond, Virginia. Charlotte had lived there for -I don't know – five or six years before. She said, "I have an extensive network of healthcare professionals that we can partner with." I was super excited and I was like, "Great. We'll move there." I had an internship in Richmond, it just worked out perfectly, so I was down for it. But our business didn't take off at all. I was living off of this debt. And me saving the day looked like we had to figure this out. So, I had connections in North Carolina. I got both of us jobs in North Carolina. We ended up moving from there. That's one instance. In New York, we were at her dad's. We had a plan to start a business, which we did. But I realized it wasn't going to make enough money to support us moving from there. So, I applied for, like, 30 jobs. I got one great job, which is what I'm doing full-time now. And so, I saved that in a sense. So, I was able to come up with, like, \$8,000 in a couple of months and moved us to this house we live in now.

Charlotte: I'm an idea machine and I am very intuitive. Reaching out to you, even, is just like I have this inclination and I go for it. And he seems to trust me and go along with it. But I think it doesn't always work out as planned. So, it seems like when we get kind of backed into a financial corner, he always pulls this trick out of his sleeve and he'll find a job or something, and we pivot.

Ramit Sethi: How does that feel to you when he saves the day?

Charlotte: It feels like a relief. But sometimes, I don't know, I almost feel bad or crazy or something for leading him down this wild goose chase, even though I think that things always come out of it. I don't think he appreciates my spontaneous nature.

Ramit Sethi: Why would you feel bad if, as you said, good things always come from this?

Charlotte: I guess it's like a double-edged sword. I didn't like seeing him struggle so much in Richmond, like applying for, like, 20 jobs a day and just not even getting a nibble. Because I chalked it up. I chalked up my town and I believed it. But I just felt bad for putting him through that.

But some good things came out of it because I was able to reconnect with a lot of people and consolidate all of my belongings, some loose ends needed to be tied up there. And looking back, it was the right move. But maybe it could have been done better.

Ramit Sethi: When you both get your backs against a corner and he has to save the day, how do you think he feels?

Charlotte: I think probably the first time it happened, he probably felt like, "Okay. We got this. I got out of it. We're good." The second or third time it happened, he's probably like, "Okay. This is a pattern that I don't know if I can always pull this trick."

Ramit Sethi: Do you want to ask him?

Charlotte: Alex, how do you feel when you have to save the day?

Alex: The first in Richmond, I felt like my life was over. I have taken a huge risk and it didn't pay off. So, I knew that this would be another one. So, when it didn't pay off again, I was depressed and anxious, mental health spiraling. That's how I felt, to be honest. I felt probably one of the worst times in my life living in Richmond. It's a great city. I loved it, in the sense, like, what you do there. But mentally and emotionally, I just felt exhausted, just almost hopeless at points. I even thought about moving back home and just not being together anymore. That's honestly how I felt.

Ramit Sethi: This is pretty extreme. And Charlotte had never asked Alex about this before. It can be common in a relationship dynamic where you have a creative, a muse, a dreamer. And on the other side, the rescuer. There's often so much attention paid to the dreamer and their passions and their problems, that nobody spends time on the rescuer. If you're in a relationship where you are fixing things, you can take that burden on for a long time. If you see yourself as the fixer, you can bear a greater burden for longer than you can imagine. But everybody breaks. And more importantly, when you stop to look around at what your life has become, you might ask, "Is this what I want?"

Alex: I'm tired of us putting ourselves in this position to pull ourselves out of something. Like, it's this pattern that doesn't need to happen anymore. Like, I don't want to do it anymore. I don't want to have to pull us out of these situations.

Ramit Sethi: Charlotte, did you know that?

Charlotte: Yeah. Actually, in the heat of that troubled time in Richmond, there definitely was talk that maybe we just needed to go our separate ways, and that was hard to hear at the time. And I'm glad that we stuck it out.

Ramit Sethi: But did you hear what he said? He talked about his mental health. He talked about almost giving up, and moving back home. Those are really serious words. Did you know that?

Charlotte: We talked about it a lot. And that's the main reason why when he did find a job, or find us both jobs, in North Carolina, I didn't hesitate because I was like, "Okay. I went, it didn't work. Let's do it your way." Because I just didn't want to see him going on like that.

Ramit Sethi: That's great to be able to respond to circumstances and to acknowledge, "Hey, this route we took is not working. We got to do something else." That's very advanced. You know, usually when I talk to people who are deep down a hole, they just tried the same thing 20 times, and they go, "Ramit, I think I'll just try this another time, surely it will work." So, I'm very happy to hear you say that.

The reason, Charlotte, that I pushed on that question was that I noticed you tend to pivot to the positive. You know, "Yeah. We went to Richmond. Oh, it was a disaster. My partner's mental health deteriorated. But, anyway, I got to consolidate my belongings and meet some old friends." Like, no. That's not the takeaway.

So, not to make a joke of this, this is as serious as it gets. You know, we're talking about mental health. We're talking about your relationship. I am glad to hear that you acknowledge, you know, there are some costs of being spontaneous, there are some serious costs of being intuitive. Intuition can be great. I think we should all learn to listen to our intuition more.

But it affects the people around you, especially a partner. They don't have that same intuition. And if they're the ones especially having to save the day, that can be difficult.

I've noticed that Charlotte is very good at pivoting to the positive. Even when she acknowledges something negative, at the end of her sentence, she spins it to look at the bright side. Now, that can be a good thing, but it can also prevent her from confronting reality.

After they'd moved to North Carolina, Charlotte proposed that they leave the jobs they'd gotten and move to upstate New York.

What's great about this is you see a silver lining almost to a fault. You're not talking about any of the possible negative things, right? Well, guess what? I love to look at the negative things. So, if you said that to me, how do you think I would respond?

Charlotte: Probably that it's crazy to leave our jobs without a strong financial plan.

Ramit Sethi: Bingo. I would say, What are we going to do in upstate New York? Do you want to live with your parents? I don't know the situation there. How do we know that this is going to work out when the last two things have not? What is our plan? Can we talk about that? I want to know some details, et cetera, et cetera, et cetera. It's not necessarily negative. It's just, give me some facts here. We've got to have some information. Alex, did you do that?

Alex: Yes. To be fair to Charlotte, she's not the only one with the intuition, like, we just got to make the move. I'm the same way. I would have gone along with it.

Ramit Sethi: Oh, man. Two intuitives. This is like three's a company right now. We've got two intuitive and then me. All right. Let's get into this. Great.

Alex: But I'm training myself to not do that. Because before I met Charlotte, I was like, "I'm going to quit my job and be a personal trainer and make \$100,000 a year." And, no, I didn't. I was broke. I could barely pay anything. And I was like, "This sucks. I'm not going to do this again."

Ramit Sethi: First of all, if you quit your job to become a personal trainer without checking how much any personal trainers make, that is a good way to go broke. I even told it, "Wait a second. Did you talk to any other trainers?" He goes, "Yeah." I was like, "What'd you say? Hey, you're all trainers and you're all broke. Sounds great. Sign me up." He's like, "No. Not really. I didn't ask them how much they made." It seems a little to me like both of them are living in La La Land. I also think both of them need skin in the game. Right now it's mostly just Alex.

Charlotte: I can't say that I care about money in the way that Alex cares about it. But I am trying to get a little bit more invested. Put a little bit more skin in the game. Because Alex half-jokingly calls me an outlaw

because I am, like, allergic to anything financial, paperwork, DMV. I've been irresponsible. And I try to avoid that kind of stuff. Like I said, I would just be happy living off the land. But I've come to realize that if I want to live in that way, I need to get things in order. Like, you can't buy a house if you don't have a credit history for a start. That stuff is starting to catch up with me and I'm realizing that I need to become more proactive and more responsible.

Ramit Sethi: It sounds very intellectual. Do you care about this?

Charlotte: In my heart, not really. I care about Alex. And I care about our future. And I care about our safety and security. And I know intellectually, I guess, how money plays a part in all of that. But thinking about finances, and saving, and investing, and all of those important things don't invoke any sort of strong feeling in me.

Ramit Sethi: Okay. I appreciate the honesty. I'm not here to beat you up for how you feel. I love that you're telling me the truth. A lot of people come here, they apply, do all the stuff that you did, and then they come here and lie to my face. I go, "Why are you wasting my time? Don't lie to me." You're telling me the truth.

What you're saying is, intellectually, I know I need to go to the DMV and get my driver's license so that I can get X, Y, Z. Fine. It's all logistics. But do I feel excited about setting up an investment plan? No. In fact, would you even feel excitement if you saw \$10,000 in your savings account?

Charlotte: I would feel relief, I guess.

Ramit Sethi: But what would be more exciting to you, building a plan to invest your money or manifesting some amount of money and it just gets sent to you as a check?

Charlotte: Manifesting.

Ramit Sethi: Yeah. Why?

Charlotte: I'm a very spiritual person and it makes me feel connected and supported and it's validating. There's a lot of strong emotional connections to manifesting. To have a check arrive in the mail that's down to the dollar amount that you need for some random thing, that feels like you're a part of a mysterious, amazing universe.

Ramit Sethi: Besides the wedding, what was an example of something that you have manifested specifically financially and you received it?

Charlotte: I have, like, a journal page where I wrote down a bunch of little things.

Ramit Sethi: Like what?

Charlotte: One thing, this imprinted on me at a young age. So, my sister is adopted from China. When I was little, we were trying to figure out a way where my sibling would come in. I mean, we don't talk about it, I guess, but there's a lot of money that goes into the adoption process, and travel, and fees, and paperwork, and all the things. And so, my family wanted to adopt, but we weren't sure how the money was going to come in.

And out of the blue, we got a letter from a family that was renting our house in Virginia. So, we were living in Germany, but my parents owned a house in Virginia they were renting out. The family renting had a garage sale, and a person came to the garage sale and said, "I love this house. I'd like to buy it in cash." And the renters reached out to us. This is the amount that they want to put down. It was the exact amount that they needed to go forward with the adoption. So, that just struck a chord in me forever. And then, I've seen that kind of play out in smaller ways.

Ramit Sethi: That's amazing. I've never heard a story like that. What do you take away from that story?

Charlotte: That God provides. The universe provides. My dad would probably say like, "If you were faithful, then you'll get rewarded." I don't know if I see it that way, but I guess that something that's imprinted on me is believing. I want to say I've not been let down by that, but like I said, we've got into some rocky situations.

Ramit Sethi: Yeah. I mean, you have over \$110,000 of debt.

Charlotte: Yeah. That's no joke.

Ramit Sethi: Yeah. If it was just about manifesting, why don't you just manifest \$110,000?

Charlotte: Well, that's a good question. I think with \$110,000, we have two different pools of that. We've got our credit card debt and the student loans. I have \$110,000-ish in student loans. And like I said, money doesn't invoke a strong emotional response for me. I feel so disconnected from that debt. It's all student debt. And I honestly feel like that was the hoax of the century.

I wouldn't like to take back my college education, but what I paid for what I got and what my career outlook looked like after college, I mean, I could talk forever about that. And I'll spare you, but honestly, I feel disconnected from it. I don't feel like it's mine. It wasn't me swiping a credit card for years to accrue this. It's not something that I see. It's not a fancy car in the driveway. It's not a fancy wardrobe. It's not a big house.

Ramit Sethi: So, many people feel resentful about their student debt. You can just hear it dripping off their voices when they talk about it. And some of them just ignore it. I'm talking about ignoring \$100,000 plus in debt. When I talk to them, it simply does not exist to them. They think they can ignore it, but they can't. For example, in Episode Number 36 called We Make \$145,000 a year but Have \$828,000 in Debt, I spoke to two physical therapists who were stuck with student debt that they felt tricked into taking on. But just like I shared in that conversation, there is a way out.

When you think about that debt, what word comes to mind? I don't want the intellectual word. What word do you feel when you think about that debt?

Charlotte: Injustice.

Ramit Sethi: Yeah. Why?

Charlotte: Because, like I said, it felt like a hoax. This was something I signed on the dotted line when I was 18 years old. And I specifically remember counselors telling me, "Yes. It's expensive. But within five years you'll be able to pay it all off because you'll get such a great job." And I'm like, I don't know, I got a Bachelor's Degree in Biology from a liberal arts school. And I ended up having to pursue, like, more education to see if I could do something with that. It just has not turned out at all like it was portrayed to me when I was a teenager. And this is something that feels like it's going to follow me around forever.

Ramit Sethi: Yeah. Well, in the current state of affairs, it will. I don't want that. It's frustrating hearing from people who feel injustice about loans. The schools don't do a great job of informing you about reality. No 17-year-old kid understands what interest rates are. Everybody's told you since you were a little kid, "Got to go to college. You have to. Just sign. You got in." And so, they don't do a great job informing. Some of them openly lie about their graduation rates. They hide information.

And then, at the same time, you know, young people are not stupid. They do know that taking out tens of thousands of dollars of debt is probably not great, especially for certain majors. But I'm not here to play the blame game. I feel for you because I can see how resentful you are about that debt. And I see that

what you've chosen to do is just put it aside and just ignore it. But can I come back to that question I asked you, if manifesting alone would work, why don't you just manifest yourself out of this debt?

Charlotte: My mindset around money and my methods isn't quite cutting it. And I think Alex, who has a very analytical perspective, might be a very important missing element.

Ramit Sethi: In other words, you need help.

Charlotte: Yeah. I can learn from him.

Ramit Sethi: I love that. Okay. That's great. Now, Alex, you also have debt. You have over \$150,000 of debt, \$138,000 of that is student loans, and then you've got \$20,000 of credit card debt. What's the story behind that?

Alex: You know, the same thing. I was, like, top five percent of my class, that makes sense, I'm going to go to school. I didn't have any education about finances at that point. So, the first \$40,000 or 50,000, I just didn't think about it. So, that was undergrad.

And then, after undergrad, I did kind of a major that was biomedical science. It doesn't train you to do anything specifically. And then, I studied for the MCAT. I didn't do that well. And I just realized that it wasn't for me.

And then, I was working for years, and then I realized that wasn't going anywhere. So, I decided to go back to school to get a master's degree and then apply to medical school again. And then, while I was in school, I remember, "Oh, yeah. I don't want to do another four years of school and all this training." And then, at the same time, I met Charlotte who had the same vision as me. So, that explains that part of the debt. I was just like, "I'll become a doctor. I'll pay it off. It won't be that hard."

And then, the credit card debt, that came through the more recent events of moving to upstate New York without having a real plan of how to grow our business.

Ramit Sethi: There's a lot of impulsive decisions from Alex here. It's interesting, sometimes people cover up their impulsive decisions with positive words like intuitive. That's what Charlotte does. But Alex does the same thing. He just doesn't call himself intuitive.

Listen, your intuition might be a good guideline for deciding whether to get pasta or Thai food tonight. But it's not enough to decide on your career or your money. You can't intuit the power of compound interest. You need to read a book.

Now, some of us are more intuitive. Some of us are more data-driven. But the magic comes from acknowledging where you are and then supplementing your natural strengths by getting help.

If you're creative and intuitive, read a book. If you're super analytical, listen to this podcast. Learn how to talk to your partner about money. I joke around a lot on this podcast. I want you to know that money is fun. But building a rich life is also serious. It's your life. I want you to take it seriously.

I think that you use intuition to play small. Intuition can be amazing. It can be a tool in a tool belt that so many people do not take advantage of. I'm only recently learning how to use intuition in my life. My wife has been very helpful in helping me open my eyes to that. I love analysis. That's where I come from. But if you use intuition only, you might find yourself playing a very small life. Think about it, how big of a deal was it when you started thinking about your wedding? You know, this elopement that you wanted to have, one to ten.

Charlotte: That's a ten.

Ramit Sethi: That's a ten. I noticed you're not talking about anything bigger. I noticed you're not talking about the house that you want to get. I noticed you're certainly not talking about paying off this debt or being debt-free. I noticed you haven't once, of you, mentioned traveling. You're playing small and you're using intuition to obscure that fact.

Charlotte: I never thought of it that way. That's true. It brings me back to my childhood where it's like we're living within these means, we're living by the grace of God, and this is what we have. And even planning this elopement, it is going to be beautiful and luxurious, and Catalina Island and it's going to be an incredible thing. But I'm still only dreaming within the parameters of this \$5,000 check.

Ramit Sethi: Totally. The check that was given to you. You didn't make a plan to earn \$5,000. You're playing within the bounds of something that just came to you.

I find in my experience that you will never trip and fall your way into a rich life. Never happen. Nobody wakes up living their rich life and says, "Oh, I accidentally got here." It is engineered. It is designed thoughtfully. It takes work. And it takes intuition as well.

In my life, my rich life, being able to travel for months every year with my wife, sometimes bringing our family and others, takes planning, investing, saving, and earning. All that is very logistical. I got my spreadsheet. I review it every month. I love it.

But it also takes an intuition to say, "You know what? This year I think we should do this. Or what do you feel?" I'm talking to my wife, "What do you think, babe, should we do this? You know what? We haven't seen these friends in a long time. Let's invite them with us." Intuitive. Or, "I feel like we should go really big this year." Or "Let's shrink it and spend some money elsewhere." That's intuitive. We can marry the two.

But if we were just intuitive, what do you think it would look like for our rich lives? Right now, day-to-day, you have a fine life. You know, your household income is what? Between \$70,000 to 90,000? It's more money than I think you've ever made. Your debt is accruing, but you don't care. You're not logging into it. And, you know, day-to-day, it's okay. You got your T.V. You could probably take a trip a couple of times a year, to see your family.

So, I'm not asking a rhetorical question. I'm asking you, do you want to change? Because if you do, it will be really hard. We're talking about decades of rewriting your invisible scripts. What do you think?

Charlotte: Yes. I think there is more than I want. And that doesn't mean that I don't feel grateful and blessed for what I have right now. But like you said, I don't want to continue to live small.

Ramit Sethi: Yeah. It's funny out of everything we've talked about today, that was the thing that I saw reached you. When I said that, your eyes went wide. I think that tells me intuitively you know you have been playing small. Alex, do you want to change?

Alex: Yes. I feel I'm a lot more anxious and stressed out than I want to be. I want to change to just feel confident in my lifestyle. We have a rich life. It's incredible. I mean, we've lived in Oregon. We went to Vancouver when we first met. We've been to India and Mexico. Like, we've done a lot of things that not everyone I know has done. So, it's like, we figured it out.

But, now, I want to get to this point where, one, if my family needs help, or we want to have a homestead, we can buy it. And it's not like a big deal. We just have to put in the work. And I know the tools are there, I just have to learn it. So, that's the change that I'm making now in my life, learn about finances, understand the next steps I have to take to live this rich life, and be able to share it with as many people as I can.

Ramit Sethi: Beautiful. So, you both want to change. Okay, Charlotte, let's stick with this. So, you are now making double what you used to make, but it seems like you're still living paycheck to paycheck, right? What do you think's happening?

Charlotte: I've had a lot of beliefs about money that haven't been serving me.

Ramit Sethi: Yeah. I agree. Can you think of a woman you admire who's good with money? It does not have to be somebody in your life. It could be a celebrity, a movie character, or even a fictional book character.

Charlotte: Yeah. I'm a big Almost 30 fan, so Krista Williams from Almost 30. She's got this comfortability talking about money that I admire.

Ramit Sethi: Love it. Great. I've been on that show. Love talking about money with them. So, what is the difference between you and her?

Charlotte: Well, theoretically, there's no reason that I can't be where she is financially. But one thing that comes up just from what she shared from her story is, that from a young age, she just loved working and bringing in money. And she associated it with independence and freedom from an earlier age.

Ramit Sethi: Wow. And you associated it with?

Charlotte: Problems and burden and sacrifice.

Ramit Sethi: So, she has a reverse attitude. Can you think of any specific behaviors she does that are different than you?

Charlotte: From what I can tell, she takes action and she makes plans.

Ramit Sethi: But let me ask a couple of questions, you tell me yes or no? Has she read a book on money?

Charlotte: Yes.

Ramit Sethi: Does she talk about money with other women around her?

Charlotte: Yes.

Ramit Sethi: When she talks about what she wants to do this year, does she factor in how much it's going to cost?

Charlotte: Yes.

Ramit Sethi: Yeah, I think so. What are you taking away from this example?

Charlotte: That you have to be a participant in your financial life. You can't just let go and let God. Sometimes that works. I mean, it seems to work for the bare minimum and the basic means. But I want more than that. And if I want more than that, I have to take action and look at money, and play with it, and interact with it.

Ramit Sethi: That's right. It's about behaviors. Attitudes matter, of course, the way you think about money. Well, here's another attitude, trust in God, but lock your car. Trust is great but take some precautions as well. Make a plan.

And what I want to emphasize is that anybody you admire with money has very specific behaviors that they do. These are tangible things that I could sit in the room and watch them doing. This is something that a lot of us miss. We think it's just about how people think.

When I say, "What behaviors do you need to change?" I'm talking about, if I were sitting in your house and I could sit there and watch you, I would be able to say, "Wow. She's making a spending plan, or she's discussing money with her partner," things like that, "she's reading a book." What money behaviors do you think you need to change?

Charlotte: I need to ask Alex more questions because just the way that our relationship is, he earns most of the money. And I've been very keen to just let him take control of that. And even with our shared business, he takes all the money in and then disperses it to me. And I'm just like, "Thanks," and I don't ask any questions. But I need to know what's going on behind that curtain.

Ramit Sethi: How will you know what questions to ask?

Charlotte: By doing some research.

Ramit Sethi: Where?

Charlotte: Read a book.

Ramit Sethi: Let's decide right now which book are you going to read.

Charlotte: Well, you'll appreciate this. I found your book in a thrift store the day after I heard back about being on the podcast, so that felt like an intuitive thing to me.

Ramit Sethi: That is interesting. But let me just ask you a couple of questions now. Which color cover was it, the orange one or the black one?

Charlotte: Orange.

Ramit Sethi: Oh, my God.

Charlotte: I think. It was like neon colors.

Ramit Sethi: Yeah, neon. That's the 2009 edition.

Charlotte: I should have checked on the date.

Ramit Sethi: I'm not blaming you. You know, get the new book. Get it from the library if you like. The point is, trust me, I'm not doing this to make \$0.80 from the book. It's about really taking this seriously. The serious. A rich life is really serious. You know, I love joking around with you, but I don't want you to go another 20 years and still have debt and still be playing small. So, whether it is spending money or, in your case, more likely spending time, I want you to take this seriously.

Okay. So, you're going to read a book and you're going to come up with some questions to ask Alex. Now, I want to understand what your rich life is. Why do I want to do this? Because right now, we're fighting against decades of both of your invisible scripts.

There's not a lot of emotional connection, Charlotte, from you and money. You've even told me you feel indifferent about it. You feel disconnected by it. And in fact, you have these deep-down beliefs that were told to you that, if you have money, you become a bad person.

That's one of the reasons that I love doing what I do because I can show people you can make a lot of money and you can be incredibly generous. You can be politically active. You can tip huge when you go out for coffee or to eat at a restaurant. You can do all these things and you can enjoy your rich life, whether it's luxury or food or whatever. That's why I love doing what I do.

So, Charlotte, let's start with you. What is your rich life?

Charlotte: In my rich life, there's no compromising health. I lived a long time with a lot of health issues, and that's just not something I wanted to deal with.

Ramit Sethi: Great. So, good food. What else?

Charlotte: Travel has always been important to me. As a military kid, it's in my bones. I always do a solo trip every year. And I'd like to have a more extended trip once a year, that's me and Alex. And then, I also want to have the freedom to visit my sister and friends without it being a really big deal.

Ramit Sethi: How many times a year?

Charlotte: Maybe, like, four times a year.

Ramit Sethi: Okay, great. So, that sounds like two international trips and maybe two domestic trips. Would that be fair?

Charlotte: Yeah.

Ramit Sethi: Great. What else? Homestead?

Charlotte: Yes. Homestead. Living as holistically as possible. Regenerative agriculture, so growing lots of our food, and preserving things.

Ramit Sethi: What does that cost?

Charlotte: You're asking the wrong person.

Ramit Sethi: You know, that was so interesting right there. I intentionally interrupted you not to be rude, but I could see your vision spinning up. I could see the dream. I could even see the picture you were painting for me. And so, when I interrupted you to say how much does that cost, did that remind you of when Alex asked you about the wedding money?

Charlotte: Yes, it did. It's charring.

Ramit Sethi: Exactly. And how did you respond to that?

Charlotte: I said you're asking the wrong person.

Ramit Sethi: Yes. But I'm not asking the wrong person. I'm asking the person whose rich life it is.

Charlotte: Right.

Ramit Sethi: So, what did you just do there when you said you're asking the wrong person?

Charlotte: I deflected.

Ramit Sethi: Yes. And why did you do that?

Charlotte: It makes me uncomfortable and ashamed because I don't have that answer. And if it's so important to me to live my life that way, you would think that's a question that I would find the answer to.

Ramit Sethi: Yeah. I could almost see you shrugging off my question. It's like I tossed you a ball and you just threw the ball away and hit it to someone else. You didn't want the weight of that responsibility even in a purely hypothetical answer. I have no idea what a homestead costs. I don't even know how many zeros are on it. You could have said anything. But instead, you said, "You're asking the wrong person."

What I love here, beyond the entertainment of watching you squirm, I'm loving that you are engaging with money. You tried to shrug it off. You tried to deflect me. That didn't work. I don't mind if your answers are wrong. I'm certain they are, but that's not the point. The point is just to get you feeling comfortable talking about this because you said you're asking the wrong person, but I believe I'm asking exactly the right person. I believe you know a lot more than you have allowed yourself to know. Okay. Keep going.

Charlotte: All right. Livestock. I know we did price out for a cow. That might be in our future, and that's going to cost \$1,000. So, we had 20 cows, that would be \$20,000.

Ramit Sethi: How much does it cost in total with the livestock and everything?

Charlotte: Let's say \$700,000.

Ramit Sethi: Okay. Great. Let's do a reality check and just ask Alex.

Charlotte: How am I doing?

Alex: I think it's possible. Although, I'm not an expert, I mean, it could be close to, like, \$1,000,000. If you want to build it out with, like, a float tank and everything like that, I think would probably be close to \$1,000,000.

Ramit Sethi: Wait. Let me pause you right there. I think you're going off for way too long. She's not asking you, "Is my number precisely correct?" Which is what you thought she was asking? What is she asking you, Alex?

Alex: Do you want to engage in this conversation, and actually look into this, and not just put it aside?

Ramit Sethi: Yes. She's saying, can you validate me that I am taking the first step? And so, she's not looking for you to give her, "It depends." First of all, stop saying it depends. I fucking hate that answer. Everything depends. People go, "What's your investment?" "It depends." Never say that. It's like saying, "Do you like to breathe oxygen?" "I know that. Tell me something I don't know." So, when she asks you, "Am I on the right track?" Alex, give her the response that deep down she's looking for.

Alex: I very much appreciate that you're having this conversation with me. It almost makes you want to cry that we're doing this and talking about it, and not just saying, "We want to have this." And I'm like, "Yeah. I want to have a flip tank. We want to have all these things." Now, that we're doing it, I'm very moved emotionally.

Ramit Sethi: That's awesome. What a way to connect. And the two of you, I love seeing that just now. Charlotte, did you notice that you were able to connect deeply with him, even though you made up most of those numbers? That was cool. That's cool.

Charlotte: Yeah. Yeah.

Ramit Sethi: You can get to the point where you can project these numbers, that's a whole other skill. It involves doing research and talking to other homesteaders, et cetera. But like, hey, we just got 50 percent of the way there by you thinking about it and saying some numbers out loud. Talk about setting an intention. This is going from talking about \$1,000 expense and agonizing over it to this is the kind of life we want to live, 700,000. That's a big goal. That's a rich life.

Now, how are we going to get there? You are so good at being intuitive. That's never going to leave you. You will always be guided by your intuition. I'm not taking that away from you at all. What I'm saying is,

let's add another guide. Instead of one guide, you now have two, and they can work in harmony. Your intuitive guide will always be dominant for you. That's okay.

My guide is analytical. I can't turn it off. But I've learned that I need to tap into the other guide. And sometimes I need to let them fight it out a little. And I need to notice what's happening, verbalize it, maybe even change it. You probably need to add this analytical guide. Because right now it's about 100 percent intuitive and zero percent analytical. I'd like to see that number slightly more balanced. It probably won't ever be 50/50. That's okay. What number do you think maybe it should be ultimately?

Charlotte: At least 70/30 or 60/40.

Ramit Sethi: Seventy intuitive, 30 analytical. I think that's great. See, doesn't that feel good? Nobody's telling you you have to change and become a hardcore Excel analyst. That's not going to happen. I don't even want that to happen to you. It's just not you. But you get to add on this entirely new skillset.

I would like for you and Alex to set up a weekly time to talk about money. Get the new version of the book. Get two copies so you each have one for yourselves. Each week, go through one chapter of the book. This is going to give you a front-to-back financial education. And it has action items at the end of every one. So, it's going to play more on the analytical side.

Of course, there's a lot of intuition in that book. Talk about money psychology, talk about what you love, all of that is in there. But it's going to be uncomfortable for you because you're going to write down your expenses and you're going to calculate your debt payoff date. But when you do that, suddenly things are going to start to crystallize from just this sort of cloudy vision to something where you go, "Oh, my God. Now I see a path." That path might be really difficult. It might say in the math that it takes us 60 years to get there, but now I also know how I can get there a lot faster.

Suddenly the debt is going to become something that's not just this blob in the corner that you both ignore, but it's something that you say, "We have to go through this debt to get to our rich life. We have to confront it head-on. So, we're going to make a plan. We're going to automatically pay it off every single month." And we know what's going to come on the other side of that, "Oh, it's going to be amazing. Not just because we're going to be debt free, because we did it together." That's a beautiful thing.

Charlotte: I feel like I have a new perspective. I'm happy that it doesn't mean I have to change who I am. I just need to add some new skills. And that it's okay if I don't know what I'm doing at first. Alex pointed out, like, we're masters of physical wellness. And we didn't start that way. And our clients don't start that way. We need to learn these skills. The financial wellness is just kind of the next step for us.

Ramit Sethi: Absolutely. Beautiful analogy. You started from a baseline. You learned along the way. You get more and more sophisticated. It's the same thing with money. Yes. I love that you connected it to your work. You understand what the path to mastery looks like.

I liked talking to Alex and Charlotte. When I was working with them, my coworker, Sydney, pointed out that Charlotte is unapologetically herself, and we both loved that about her. I love that Charlotte is tapped into her intuition.

One of the things I pointed out today is that many of us believe if we change, we'll lose the essence of who we are. Charlotte was afraid of this. But in my experience, you're never going to lose your essence. Charlotte has spent decades developing an identity as an intuitive, carving deep grooves every single day. She even connects manifestation with joy. What I tried to show them here was that you can also add an extra note. Charlotte, you'll always be intuitive, but you can also add being more analytical.

And I received a follow-up from Charlotte and Alex after I spoke with them. But let me give you a quick excerpt. Charlotte wrote, "My biggest takeaway was that relying on manifestation and intuition alone may have helped me meet my basic needs, but it prevented me from dreaming big. When living by the grace of God, I was giving up my power and playing small. Why focus on manifesting \$5,000 when I can cultivate the capacity to bring in \$500,000? If I sit in the driver's seat of my financial well-being, I will no longer have to stress over the thousand-dollar questions. To do this, I have to engage with my finances."

Podcast Episode 45: She tells me that it's my fault we can't live the life we want to live

Synopsis: Sarah earns more than Andrew. They're unmarried but imagine a future together, or would like to. The problem is that Andrew's existing money scripts (and \$65k in debt) have him frozen—unable to spend but also unwilling to seriously plan a way out.

She wants to spend money on things like vacations, but he doesn't feel like he can afford to spend. To make things worse, he feels terrible about money in general because that's how his dad raised him—his presence looms over the conversation.

We need to cut out the negative judgments and help Sarah see things from Andrew's perspective. Then we can talk to Andrew about the mindset to overcome his past—and current—money issues.

Podcast Transcript:

Ramit Sethi: Today, I'd like you to meet Andrew and Sarah. Sarah is in her late 20s. She makes \$85,000 per year and has very little debt, basically just about \$10,000 left to pay off her student loans. Andrew is in his early 30s. He makes \$75,000 a year, but he has over \$65,000 in debt. They live together, but they aren't married yet.

Now, here's the problem. Sarah wants to spend her money on travel and things together. But every time she brings it up, Andrew says no. After all, he has over \$65,000 in debt. And Sarah is getting increasingly irritated that they can't seem to do anything because Andrew always says no. And she's becoming judgmental about how he spends his money.

As you listen to today's episode, I think you will see that the real story goes a lot deeper than what you initially think, all the way back to Andrew's childhood.

Andrew, I understand that recently you and Sarah discussed going to Hawaii. Can you talk me through that conversation that you had with her?

Andrew: Yeah. So, pretty much we were just in a gas station about to fill up my tank. And so, there was a long line of cars. She had brought up going to Hawaii because she had seen these ticket prices that were lower than usual. She checks the travel sites a lot to see where we can get good deals on travel. I already started kind of being like, "Oh, man. Here we go talking about Hawaii again." Because we had talked about this, like, six months before and then, like, a year before.

And every time we've talked about it, I felt like the bad guy because I pretty much said like, "It's probably not a good idea to go to Hawaii because I'm not ready for it financially." And whenever I say that, I can

already see in Sarah just from her facial expression and then her demeanor, it kind of turns to this sour look to almost like, "Well, what's the point of even bringing this up if we're never going to be able to go?" And so, I feel like I always end up being a burden because it's like, "Well, we can't go because I can't afford it."

Ramit Sethi: So, did you go to Hawaii?

Andrew: We did not.

Ramit Sethi: Sarah, walk me through that experience when you're in the gas station and you brought up these ticket deals you found to Hawaii. What was going through your head right before you brought up the ticket prices?

Sarah: Well, I mean, the deal was I thought it was good. It was roundtrip for \$800 for two people. And then, in my head, it's like, "Well, our last major trip was over a year ago. Surely he must have saved at least a grand or two since then." You know, he was essentially stepping on eggshells.

Ramit Sethi: And how was he doing that?

Sarah: He was like saying, "Oh, I need to check my accounts. I need to make sure that I have enough money. I need to check my schedule." All that jazz, you know, it's almost as if he was trying to, like, delay the question, because these deals are only for, at most, 48 hours. And after that, it's gone.

Ramit Sethi: So, did you know that he was delaying the real answer?

Sarah: Oh, yeah. I had a feeling.

Ramit Sethi: Okay. And then, how did you respond when he said all these things?

Sarah: I mean, I was very disappointed. I mean, I see all my friends, you know, just going out and having fun. And it's like, "You know, I want to go out and have fun, too. I want to go out and have fun with Andrew. And let's go to someplace that's, I guess, exotic that's in the States." You know, I'm not asking for us to go internationally.

Ramit Sethi: Do you think that he can afford it?

Sarah: Honestly, I think he could afford it if he was a little bit more strict with his finances. But then, again, that's just me.

Ramit Sethi: Andrew, do you think you could afford it?

Andrew: I feel like I don't just because I know how much debt I have. And I feel like having that over my head, almost makes me not want to spend even the money that I have budgeted for a trip. The way my savings and all my deductions work, actually it's based on the rules you have in your book – funny thing.

Ramit Sethi: That's good. Does it work?

Andrew: I mean, it's been working. Yeah. It's like a slow progression that's piling on those little accounts. I feel like that's a good start for me. It's just I feel it gets overwhelming whenever we talk about it because I feel like I need to keep the money that I have so I can pay this debt off.

Ramit Sethi: This question of can I afford it is an interesting one. You might be shocked to know that two different people with the same amount of money will look at a trip that costs \$5,000, and one will say, "Oh yeah. I can afford that," and the other will say they cannot.

I've talked to people who are about to buy something, like, a \$1,400 handbag and they ask what I think. I'm looking at their finances and I say, "You can't afford it." And they get mad because they believe they can.

So, why can't we agree if we can afford something? Well, here's why. Let me give you a couple of examples. Let's say you're thinking of taking a weekend trip to visit your old college friends. Can you afford the weekend away if you have debt? What if that debt is credit card debt? What if it's a student loan? What if it's a mortgage? You can see why the affordability question is tricky and it can get even more complicated.

For example, some people create their own internal rules of what they can afford. Let's take me. I have a money rule that I want a year of expenses in a savings account. If I don't have that, then, to me, I cannot afford a vacation. Some people just look at the price of a restaurant or a theme park and say, "Hey, we can't afford that." A lot of times it's based on what they think it should cost, often what it costs 25 years ago. Sometimes it's based on how much they have in their checking account. That is a very simplistic way that a lot of people make their financial decisions.

My point is, that the Can I afford it question is not as simple as you think. It is as much about your feelings as your actual numbers. Do you want to see what I mean? In Andrew's case, he has about \$65,000 of debt, but he also has six figures of money in investments.

You know what's interesting is you have \$112,000 in your investments. That's a lot at your age, 32. So, how do you feel about those numbers?

Andrew: Well, I mean, I don't check my investments. Maybe only, like, twice a year or maybe every six months.

Ramit Sethi: Following the IWT system. That's what I like.

Andrew: And so, when I looked at it to fill in the sheet that was sent to us, that was the only other time I looked at it. I was like, "Oh, I didn't realize I was at six digits already."

Ramit Sethi: Hold on. Hold on. For everybody listening, make sure you just heard what Andrew said, "Oh, I just followed the I Will Teach You To Be Rich system. I didn't even realize my investments were at six figures." That's how it works.

All these Looney Tunes people writing me online, writing, "Oh, should I buy this book? I don't know. I'm a left-handed Eskimo. Does it work for me because I live south of the equator?" It's an \$8 book. Don't ever write me asking if you should buy I Will Teach You To Be Rich, the book. It's \$8 or get it at a library.

Andrew just told you he woke up, turned on his investment account, probably at Vanguard, and it was six figures. Andrew, where is your investment account, by the way?

Andrew: Well, it's through my work. It's through Fidelity.

Ramit Sethi: Okay. I'll take it. I have no hate for Fidelity. They're fine. All right. Good job. Congratulations. But how do you feel about the rest of the numbers, your income, and your debt?

Andrew: The debt, that part I'm not so happy about because I could have paid it off when I was still living at home with my parents. But because of things that I had to do at home for them, I was paying for a lot of things for them, family stuff, if I didn't have to worry about paying those things off for them or whatever I was helping them pay for, I feel like I wouldn't be in this situation.

Ramit Sethi: So, can we talk about what happened? Why did you have to pay for your family? What happened?

Andrew: Well, the main thing is that my dad ended up filing for bankruptcy. After he stopped working, it was just my stepmom that was pretty much, I guess, the breadwinner at that point, because she's a nurse, and she was trying to help out as much as she could to pay for the mortgage and their vehicles. And then, I have two younger brothers who also started college, and have their vehicles. And so, there wasn't enough to pay for all of those things with just my stepmom's income alone. And so then, whenever I graduated college and started working, I almost pretty much picked up right there and like, "Okay. Where do I need to help?"

Ramit Sethi: How much were you sending to them?

Andrew: Oh, man. Like, almost my full paycheck. And at that time, I was getting paid about, like, \$1,900 or 1,800 every two weeks. At that point, I would say almost 75 percent of that would go to whatever they needed help paying for, whether it was the internet, cell phone, car payment, the mower, or the lawn guy.

Ramit Sethi: Why did your dad declare bankruptcy?

Andrew: Because he also ran into some trouble with debt.

Ramit Sethi: Like what?

Andrew: From what I know – because I don't feel like I know the whole story, actually – there was a lot of credit card debt and I think some stuff from his past that he owed some debt collectors. I'm not one hundred percent sure about the details, but I know, like, he couldn't afford to make his payments.

Ramit Sethi: Is your dad still alive?

Andrew: He is.

Ramit Sethi: Okay. Are you still in touch with him?

Andrew: No.

Ramit Sethi: And is that because of this?

Andrew: No, it's not actually. It's different. It's a different reason.

Ramit Sethi: Okay. Did he live obviously above his income?

Andrew: I would say yes.

Ramit Sethi: What do you have? The cars, the house, that kind of stuff? Or what else was it?

Andrew: That and then just, like, I think he spent a lot on just acquiring things, whether it's for himself or us. Because my dad's from the Philippines and he grew up there poor. You know, he told me all the stories. And so, he told me that when he finally moved here to the States, his dream was to make sure that his family wouldn't go through what he went through. I could see, like, he bought me all of the things, toys, game consoles, what have you when I was a kid, all the nice clothes, the best shoes.

Ramit Sethi: How do you think his lessons rubbed off on you? What did you take away from your dad's relationship with money?

Andrew: Well, I think I mirrored his spending habits, if I'm being honest. I mean, I like nice stuff, too. And when I get an opportunity, I'll get it for myself because it's like, "Oh. I have a job now and I can afford it." But, of course, there are limits to that. And then, now I'm in this problem that I'm in.

Ramit Sethi: When you buy nice stuff, what are we talking about, clothes, what else?

Andrew: Yeah. Clothes. And then, I'm also really big into, like, health and supplements and stuff like that.

Ramit Sethi: What are you getting? What supplements are you taking? Just tell me.

Andrew: Well, I take all sorts of things. I take Athletic Greens, which is like a green supplement...

Ramit Sethi: Of course. Did you hear some podcast ad somewhere? Come on.

Andrew: Yeah.

Ramit Sethi: Come on. I know that's where you heard about it. Okay. What else?

Andrew: Yes, for sure. I take that and –

Ramit Sethi: Let me guess. Let me just guess. You got fish oil, glutamine, protein, some carnitine, or whatever, I don't know how to pronounce it. Am I getting these right? What else? Vitamin D and Zinc. Tell me.

Andrew: Yeah. You're pretty close. Yeah.

Ramit Sethi: I love it. How much do you spend on this shit? Come on.

Andrew: Oh, man. Like, at least \$200, \$250 a month.

Ramit Sethi: Are you serious?

Andrew: Yeah.

Ramit Sethi: Look at Sarah's face right now. Sarah, what's going through your mind as you hear this right now, please?

Sarah: Can I say profanity?

Ramit Sethi: Yes. We love profanity on this show.

Sarah: Okay. First of all, Andrew, what the fuck?

Andrew: Did you know that?

Sarah: I mean, I knew that it was expensive, but holy fuck.

Ramit Sethi: Yeah. And \$250 per month times 12, that's a lot of money. Sarah, what do you think that money could have been used for?

Sarah: You know, for your debt. You know, buying me nice things. But move your debt.

Ramit Sethi: Andrew, what do you think? I mean, \$250. Okay. I agree we all have nice things we like. You know, I'm never here to break people about that. Except, come on, most of those things have no efficacy that's been proven whatsoever. And supplements are one of the most bullshit industries on the planet. But, okay, besides that, you like it. It seems you spend your money on it.

I get a lot of comments from people who accuse me of being hypocritical about my rich life philosophy. For example, when I point out that some dude can't afford a \$75,000 truck. Their clever reply is, "Ramit, maybe that's part of their rich life." Let's get one thing straight. You can't just point at something you want and twirl around three times and chant "Rich life, rich life, rich life," and then suddenly buy it with my blessing. That's not how it works.

Your rich life has to be something you can afford. That's table stakes. It's like breathing oxygen. You all intuitively get this. If your high school buddy said, "My rich life is buying a private jet," you'd roll your eyes because you know he can't afford it. But how come we don't apply that level of rigor to someone buying cars, clothes, trips, or even the type of place they choose to live in?

I want you to start critically evaluating the purchases you make, not just using my rich life lens, but also using the affordability lens. This takes more than just your feelings. It means knowing your numbers. How much are you saving each month? What's your investment rate? What's your debt payoff date?

A few minutes ago, we talked about how complex this question can be of knowing how much you can afford. Well, knowing what you know now, do you think Andrew can afford a trip with Sarah? Can he afford \$250 a month on supplements? What do you think? Listen in.

Where did the credit card debt come from?

Andrew: The credit card debt, different things. It comes from anything that I have that's automatically being deducted from my credit card, like the Internet...

Ramit Sethi: The Internet doesn't get you to \$17,000 in credit card debt.

Andrew: No. It doesn't. And then, the supplements, for sure. And then, everyday stuff, gas, and if we go out to eat or something and I offer to pay, then I'll also put that on the card. Yeah. That's pretty much it.

Ramit Sethi: What else? This doesn't add up yet. I want to understand it. 250 bucks a month on supplements, okay. While I might not spend that much, fine. But that would take you years and years to accumulate \$17,000 of credit card debt. What else?

Andrew: It's just stuff that I would buy for myself. Whether it's stuff for working out, like a gear for working out. I also practice jujitsu. And so, I pay for a year's worth fee to go to the –

Ramit Sethi: How much?

Andrew: It's like \$2,000.

Ramit Sethi: No. That's not it either. Okay. It's kind of interesting.

Andrew: Yeah. It was like \$6,000.

Ramit Sethi: Holy fuck. And did you take out a loan for that?

Andrew: Well, originally I did.

Ramit Sethi: Okay. Keep going.

Andrew: Yeah. Originally, I did. And then, whenever I spoke to Sarah about it, that's when we kind of got into an argument about that. And then, that's when she offered to loan me the \$6,000. And so then, I could pay the loan off, and then I would owe her the \$6,000 instead.

Ramit Sethi: What does that, of course, get you?

Andrew: Well, I'm trying to get out of the hospital environment. I'm trying to find a new avenue of work.

Ramit Sethi: So, will this course get you that?

Andrew: Potentially, yes.

Sarah: Currently, right now, I'm saving close to, like, 40 percent of my income just to put a down payment on a house. At one point, I was paying most of the rent. And to be fair here, like, there are days where I don't see Andrew as my equal because I'm the breadwinner, I'm the provider. I make more money. At some point, it's like, "Hey, you're kind of dragging me down."

Ramit Sethi: Andrew, what do you think hearing that?

Andrew: Well, that's the part that I get triggered on. And it hurts whenever we have these conversations. Because that's usually what gets said in these conversations that, like, it's because of me that we can't live the life that we want to live.

Ramit Sethi: So, this isn't the first time you've heard that?

Andrew: No.

Ramit Sethi: And when you hear that, what is your reaction?

Andrew: I mean, I'm crying on the inside. Because, for me, it's like I just feel so unfair about how it happened. You know, before I decided to move out of the house after graduating college, like the last decade of my life, I felt it wasn't my fault. And so, it makes me sad and upset at the same time because I know, like, maybe I should have just left the house sooner or something and just not have worried about anything, and then I could have just taken care of myself, then maybe I wouldn't be in this situation.

Ramit Sethi: How long did you live with your family?

Andrew: I mean, probably until I was, like, 27.

Ramit Sethi: Wow. Okay. So, four or five years after you graduated college. And between the time you left and now, it's been what, about five years?

Andrew: Yeah. Because pretty much I moved out of the house when I got with Sarah because they didn't take to her. I don't know. I don't think they liked us being together.

Ramit Sethi: Why is that?

Andrew: Well, the biggest thing is she's not Filipino.

Ramit Sethi: So, is your family very traditional?

Andrew: Yeah, like 100,000 percent.

Ramit Sethi: But I know a lot of Filipinos, I have some close Filipino friends, and their family doesn't care if they're with Filipinos or not. I'm so surprised by this.

Andrew: Oh, trust me, I'm the same way. I have friends that are Filipinos and they're with Vietnamese women. Just like Sarah and I, that's how we are. I mean, that's just one reason. I don't know what else. But I know for sure that's it because ever since I started seeing her, it's never been the same with my dad.

Ramit Sethi: I'm sorry to hear that. That's awful. I'm sorry to hear that. That's not your fault. Sarah, it's not your fault. And, yeah, I wish that it weren't like that. What I'm more curious about is the last five years in which you've accrued all that debt. What has been going on there?

Andrew: I don't like Sarah feeling like I'm the burden and so I always do what I can. Like, if I can buy something that we need, or if I can pay for dinner sometime, or if I can pay for an experience – I don't know, a concert or something – just so that we can spend time together and experience life together, then I'm going to do that whether or not I have enough money in my checking account.

Ramit Sethi: What does the man in the relationship mean?

Andrew: Well, the way I was raised, at least, but I don't know if I believe this now, but my dad would always tell me, you're responsible for the house. You have to take care of the house. You have to take care of your wife, and your kids. You have to pay for everything. You have to be responsible. It's like all these hard things that were drilled into me when I was a kid.

Ramit Sethi: When was the first time you remember hearing this?

Andrew: Probably when I was, like, five, six, first grade, second grade.

Ramit Sethi: Really? What do you remember your dad saying to you about money when you were young?

Andrew: Oh, man. The number one thing he'd always say, money doesn't grow on trees.

Ramit Sethi: What else?

Andrew: That was what he would always tell me. And then, he would always tell me, "Don't go out there and be flipping hamburgers at a minimum wage job. You need to be successful or else you're not going to be able to pay for what you want in life." That always was ingrained in me.

Ramit Sethi: When you think back to those two things that your dad said a lot, how do you feel?

Andrew: Well, now, I almost feel like it wasn't exactly true. Yeah, I mean, maybe money doesn't grow on trees, but then, for me, I feel like if you put in the effort and you work hard enough, you'll be able to reach your goal. It just kind of hurts inside. When I talk about it now, it's like, "How am I supposed to understand that at five, or six years old?"

Ramit Sethi: Yeah. You seemed angry when you said those two things. It almost seemed like an insult coming out of your mouth. Did you notice that?

Andrew: No.

Ramit Sethi: That's why I asked. It can't be easy to think about your dad giving you money lessons and then him going bankrupt, and causing you to sacrifice your early 20s for his behavior. Did you ever talk to him about that?

Andrew: I have.

Ramit Sethi: What happened?

Andrew: It wasn't a pretty conversation. That's another reason why he and I don't talk to each other anymore.

Ramit Sethi: He was too proud.

Andrew: If I'm being honest, I think so, yeah. I mean, he told me, like, how dare I say that to him? You know, "You wouldn't be where you are if it wasn't for me."

Ramit Sethi: The classic Asian parent guilt. We all know it well.

Andrew: Yeah. And just talking about it now, it hurts inside because it's wrong. All the stuff he said, it's wrong. It is. And then, I feel like I realized that too late or something. And then, like you said, that's why I feel like now I have to catch up. And then, with Sarah, I don't want her to feel like, "Oh. Because of him, I can't move forward either."

Ramit Sethi: These childhood events create deep grooves. They're not something you can simply shrug off. One of the reasons I started this podcast was to show you how deeply our upbringing can affect us even 30 years later. It's hard to grapple with that when you hear someone spending \$250 a month on supplements when he's in debt. But as you start to hear about how Andrew grew up and what he faced, even as a young adult, I hope that you start to empathize with what he went through. That doesn't mean you have to agree with how he spends his money today.

But my hope is at least we can start to understand that we all come to our financial lives with different experiences. We all come to our lives with different cultural views and invisible scripts. And if we start to internalize that and understand it, it can help us understand why people think and behave the way they do around their money. It can even help you understand yourself.

How do you feel about being now an even higher earner in the relationship?

Sarah: How do I feel about being the higher earner? I mean, it's just nice to have extra money. But, you know, I just thought that with the extra income, you kind of have to delegate part of the money to help the other partner out in their situation.

Ramit Sethi: Okay. Great. So, you're earning more money, the way you think of it is, "Hey, I can use this to help Andrew out with certain things that he might want." And even though you believe that the man should earn more, even though you earn more, it doesn't seem like there is a gender issue for you. Am I reading that correctly?

Sarah: No. There's not a gender issue for me. But in my head, it's like, hypothetically, if we do have kids, I'm probably not going to be working as much. And so, then at that point, I'm like, "Hey. I need you to bring home the bacon just so I can focus on taking care of this human being."

Ramit Sethi: Well, bring home the bacon. So, currently, Andrew makes 75K and you, Sarah, make 85K, is that correct?

Sarah: Yes.

Ramit Sethi: So, if and when you have children, what's your expectation? Have you two talked about this expectation if you have kids?

Sarah: No.

Ramit Sethi: Whoa. This is interesting. You just said no and Andrew's nodding yes. Well, I love this.

Andrew: It was more so the fact about, like, having kids. Not so much – yeah.

Ramit Sethi: So, am I correct in assuming that you have discussed one day potentially having kids?

Andrew: Yes.

Sarah: Yes.

Ramit Sethi: Okay, fine. So, let's say you have kids and, Sarah, you have the child.

Sarah: I would probably be working a reduced workload. So then, like, they'll just cut my paycheck.

Ramit Sethi: Got it. Okay. So, best case, you would take some time off and then go back to a reduced workload, whether that be remote or in the office or whatever, but your pay would be cut. Okay. And so, since you're the higher earner, a larger proportion of the household income would be cut. Would you be able to make it if you dropped, like, 40K or 50K from your paycheck?

Sarah: I mean, assuming that we don't have any really big debts and whatnot, we could, especially since I've aggressively saved. I think that I have, like, over a year's worth of savings.

Ramit Sethi: Notice that we've gone on this long in the conversation without talking about specific numbers. That is on purpose. Too many people jump right into the numbers. I'm talking about financial advisors and I'm talking about you. You sit down to have your first conversation about money, and you nerds open up your 34-sheet financial model with a P&L. Nobody wants to see that shit. I know, I know, cell C45 never talks back to you. It's so logical. The formula is exquisite. The problem is, nobody cares. If you want to get on the same financial page, you have to start where people do care. That's why I always ask people about a specific money situation they remember, about their rich lives, and how they grew up, and then maybe we'll talk about the numbers.

Now, when you get to the numbers, it helps to have a way to talk about them. And the way to do that is to use a conscious spending plan. This can give you structure on where your money is currently going and where you want it to go.

How can you have read my book and you haven't, like, run and created your conscious spending plan? I'm curious. I'm not judging. I'm just curious. Because, you know, in some ways, you're pretty savvy. I'm looking at how much you have in investments, six figures by age 32. That's great. But at the same time, you're sitting here saying, I just don't know how to sort these numbers out.

Andrew: I feel like when I sit there and I look at it all by myself, you know, it makes sense in my head. But then, I think whenever it comes up in conversation, that's when my mind starts spinning and it's kind of – I don't know – almost like, "Okay. Well, I had this plan, but then now my plan is not there anymore," because I feel, like, I get choked up or I get like, I don't know if it's a nervous or an anxious feeling that I start to feel.

For example, if it's Sarah and we're talking about finances, almost like in the back of my head, I kind of feel like my dad's standing right here.

Ramit Sethi: What is he saying to you?

Andrew: Like, all the stuff that he told me when I was a kid. All those things about, like, money doesn't grow on trees, and you need to be able to take care of your family, you can't take care of your family if you're working at McDonald's. I just feel like there's a presence of him looming over as we're having this conversation, like Sarah and I would be talking.

Ramit Sethi: Do you want to keep him here or do you want to get rid of him?

Andrew: A hundred percent get rid of him.

Ramit Sethi: Okay. Let's do it. I can help you do it. Do you want to?

Andrew: Yes, please. Absolutely.

Ramit Sethi: Do you believe that it's possible?

Andrew: Yeah.

Ramit Sethi: Okay. Good. You said yeah with a question mark at the end, but I'll take it. Okay, let's do it. Let's start with this because I'm confident you can get to the numbers part of it. And candidly, I'm looking at your numbers and, you know, there's a way out. I can tell you right now, that I looked at your numbers, and it took me five seconds. I said, there's a light at the end of the tunnel here. But you don't yet see it. Do you know why?

Andrew: No.

Ramit Sethi: Because your vision is clouded by your dad. Because you're looking at these same numbers I'm looking at. But you have a set of lenses on that are smudged and blurry with your dad's fingerprints all over them. So, what do you say we take those lenses off and put on a new, clean pair of lenses? Okay. All right. Let's do it together.

On one shoulder, you have your dad, he's whispering in your ear. He's saying, "Money doesn't grow on trees, Andrew. Don't work at McDonald's." Even though you make \$75,000 a year, you are not working at McDonald's. What he says still gets you, doesn't it?

Andrew: Yeah.

Ramit Sethi: Well, you know, your dad's name – usually I name these characters. We don't have to put your dad's name out here – but just think of that character chattering on your shoulder, in your ear. That's your dad. Now, I want you to replace the other shoulder with a new character. Who is somebody you look up to? It could be a real-life person. It could be a family member, a college friend, even a character from T.V., whatever, can you think of somebody who you admire when it comes to money?

Andrew: Yeah.

Ramit Sethi: This is somebody who makes you feel good about yourself, somebody who shows you it's possible to be even better than you are today. And they know that sometimes you're going to fall. That's okay. But they just gently guide you, pick you back up, and point you in the right direction. Who gives you good money advice?

Andrew: Actually, Sarah does.

Ramit Sethi: Okay. Sarah. Wait. This is interesting. We can't have Sarah on your shoulder. That's too weird. You know, you're dating Sarah. Sarah can also be whispering in your ear. It's too much. Too much Sarah. But just for the sake of curiosity, what would Sarah tell you about money?

Andrew: She would tell me, like, if I don't need it, I shouldn't buy it.

Ramit Sethi: Okay. That's good advice. What else?

Andrew: She would also tell me not to get her anything. Don't get her anything extravagant because or else she'll kill me. I don't think she wants me to spend a lot of money.

Ramit Sethi: I love a good homicide threat on this podcast. It's good. Okay. And have you bought her anything expensive?

Andrew: Other than a trip to Vegas earlier when we started dating, that's probably the most expensive thing.

Ramit Sethi: Okay. So, if Sarah is giving you good financial advice, how come you're not taking it?

Andrew: Again, I think I feel like it's my dad talking to me.

Ramit Sethi: Yeah. I'm going to do something I don't usually do. I'm going to do two things I don't usually do. The first is to be more directive. Usually, I like you to come to the answer, but it feels like you're struggling with this person on your shoulder. And that's why I'm going to do the second thing I usually don't do, which is, I'm going to be the person on your other shoulder.

I rarely get this directive on the podcast, certainly not with naming the person on your shoulder. That's because it's an important part of my process that people put skin in the game. But Andrew is struggling here, and I don't think he's doing the regular old innocent thought routine. I suspect part of the reason why he's stuck here is that his confidence is just totally shattered. So, I'm going to lend him a helping hand for now.

Okay. You seem to struggle with getting some good financial advice. Gee, if only there was somebody here who could share a couple of little tidbits to help you with your finances. I wonder who that person could be. Well, here I am. Fate has brought us together, and therefore, I must deliver. All right.

Andrew: Yes, sir.

Ramit Sethi: Listen to what I'm going to say. Now, this is what's going to happen. Your dad's on one shoulder. Now, you have this bushy-browed Indian dude with really hairy arms on the other. He's wearing a nice cashmere sweater. And any time you face a financial situation, you have this little gremlin-sized Indian guy on your other shoulder. It's great. Nobody ever walked around with a little doll gremlin like this. Now, you do. So, what does he/l tell you about your finances?

Andrew: He tells me that I need to have systems in place.

Ramit Sethi: Okay. Good. What else? I love this guy. What else?

Andrew: You've got to have a plan and know your numbers.

Ramit Sethi: I love fucking love this guy. Keep going. Keep going. This is music to my ears.

Andrew: And then, make sure you understand compound interest.

Ramit Sethi: Okay. Very good. What does he say about your debt?

Andrew: Pay your debt stuff would be the debt snowball. That's the biggest thing that I can think of.

Ramit Sethi: Okay. Good. What does he say about spending \$6,000 on some course when you have a ton of debt?

Andrew: Pay your debt off first.

Ramit Sethi: And what does he say about your debt and your relationship?

Andrew: I know that you have to communicate with your partner.

Ramit Sethi: Does he think you can do it?

Andrew: Yes.

Ramit Sethi: Yeah. Is he confident in you?

Andrew: Yes.

Ramit Sethi: Does he think that you can do it today, and you can begin, and not have to wait ten years from now?

Andrew: Yes.

Ramit Sethi: Does he think you're strong enough to do this even though your dad is on your other shoulder?

Andrew: Yes.

Ramit Sethi: And does he think that Sarah can be a good partner to you? Not an adversary, but a partner.

Andrew: Yes.

Ramit Sethi: You're right. I think all of those things. What are you thinking about hearing this?

Andrew: This makes me feel a little bit emotional, honestly.

Ramit Sethi: Why?

Andrew: Well, I feel like nobody ever believed in me when I was a kid. And so, I guess it's just nice to hear.

Ramit Sethi: I believe in you. I believe in you. Sarah, do you believe in Andrew?

Sarah: Yeah. A hundred percent.

Ramit Sethi: Andrew, I believe in you. I don't think you need to wait for some magical day. I think you already dream big. I think you work hard. You did it. It's quite impressive. You saved \$100,000 in your

investments even though you were taking care of your family in your early 20s. I can see your emotions right now. Can you share why?

Andrew: Because all I ever wanted was I just didn't want to end up like my parents or like my dad. And so, I just want to live my life to where I don't have to worry about any of that. And I guess it hurts. And I don't know how else to explain it, but I just felt like I was doing enough to nothing. And this was just nice to hear like, "Okay. I do get this." And it's like, you know, my dad was wrong.

Ramit Sethi: Yeah. That's when you become a true adult when you can see your parents for who they were trying their very best. And you can, with some perspective, assess, take the best of what they taught you, and then create your path forward. You have a great relationship with Sarah. The two of you have been together. Financially speaking, when you combine your incomes, you do quite well. But there's just this ghost in the relationship that just floats above everything. Who do you think that ghost is, Andrew?

Andrew: My dad.

Ramit Sethi: Yeah. And he's not the ghost we want to admire. He went bankrupt. So, if we're going to have a ghost in the relationship, why don't we just pick a better ghost? And for whatever reason, this ghost is now me, at least for now. You can change me with whoever you want. But what I wanted to show you there, Andrew is that you can choose who you put on your other shoulder. You can choose whose advice you take. You don't have to only listen to the things that were drilled into you from age six.

Okay. So, what do you say we go ahead and talk about a plan? The reason that I spent so much time talking to you about your dad and trying to understand Sarah's perspective here is that, mathematically, this is quite simple. You know, it's not that hard. But I knew there's got to be something else going on here for you both to have applied to come on this show. Because with your income, it's kind of like, let's just solve this. Let's knock this out of the park and move on. But a rich life isn't just about path. It's about so much more than that. I think today we're getting into some of that. Okay.

Well, here's what I would do in that situation, number one, I would take everything I had and focus it on getting that credit card debt paid off. I cannot pay the minimum anymore. I would write it down. You can go to the debt payoff calculator, and Google that. And you will be able to calculate, if I pay an extra \$100 a month, how much faster will this thing be paid off? In your case, it will be paid off years sooner, years by just an extra \$100 or 200 a month.

Because your credit card interest rate is so much higher than your student loans, in my situation, I would also take whatever money beyond the minimum for my student loans, and I would focus it directly on the credit card. That's me. That's up to you how you want to do it. However, you will be able to calculate that with the debt payoff calculator. But I can tell you right now, you have a lot of money that is unaccounted for. If you make \$75,000 a year, like, where's all this money? Like, supplements \$250 a month?

Andrew: Up until recently, I was paying a car payment.

Ramit Sethi: Mm-hmm. What kind of car?

Andrew: Acura TLX.

Ramit Sethi: How much is that car?

Andrew: It was, like, 37 at the time.

Ramit Sethi: Mm-hmm. And now you paid off?

Andrew: Yes. At the beginning of February, I made my last payment.

Ramit Sethi: How long are you going to keep that car?

Andrew: I mean, right now I don't plan on getting a new vehicle.

Ramit Sethi: Good answer. You better keep that car for the next ten years. Don't even dream of getting a new car for the next few years. Okay. Good. You paid it off. Happy to hear it. Great. What are you doing with the payments you used to make towards the car? Where's that money going?

Andrew: So, this month, like March and then April, was the first month where I had extra money from the car payment. And then, the other thing that I also paid off was a consolidated loan that I had from, like, maybe four or five years ago now. I paid that off and that was like another \$1,000 a month that was being paid to me as well. So, just this payoff of this loan and then my car all happened around January or February. So, it's only recently that I have this extra money now that can go towards something.

Ramit Sethi: Yeah, I get that. So, how come you don't sound happy at all?

Andrew: I think...

Ramit Sethi: You sound like you listened to a 90s emo song all day long in the rain, and you're just looking out the window with an old tattered book in your hand, listening to some Sarah McLaughlin or something, and, like, one solitary tear rolling down your eye. What are you talking about, dude? You have, like, thousands of dollars a month. What's going on here?

Andrew: What I feel, at least, is I feel like now that I have this extra dollar in my checking account, I almost kind of feel like I want to keep it, like keep it to myself or something.

Ramit Sethi: What does that mean? Keep it to yourself so that it goes to Athletic Greens. Where? Keep it to yourself means what?

Andrew: I mean, really for me, it makes me feel more secure.

Ramit Sethi: Okay. I understand that. So, let's keep some of it, and let's pay down that debt so you can get out from under this weight. How about that?

Andrew: Yes.

Ramit Sethi: How much was your car payment?

Andrew: It was, like, \$472 a month.

Ramit Sethi: And you had a consolidated loan payment of \$1,000 a month. Where's the rest of the money going? You had \$1,000 in rent, \$1,000 in loans, \$472 in car payments. What else? Do you guys eat out ever?

Andrew: Yeah.

Ramit Sethi: How much is that?

Andrew: It can be between, like, \$50 to 100 is pretty typical.

Ramit Sethi: That's too much. What do you guys eat for that much in an entire month? How many meals is that?

Andrew: It would be just a few.

Ramit Sethi: Okay. Fine. It feels like you're missing, like, thousands of dollars right now. Maybe about 1,500 bucks were missing. I'm guessing some of that is your student loan payment. What I'm telling you is you don't know your numbers. Without being competent, it's impossible to be confident. You have a lot of money you can use to redirect towards your debt. You told me it feels hopeless. You feel like you're behind.

But I wanted to point this out to both of you. Do you know I've spoken to couples who have \$800,000 of debt and they didn't even sound as down as the two of you? What does that tell you?

Andrew: It's more about how you feel about the situation.

Ramit Sethi: Yes. Yes. In other words, your feelings about money are highly uncorrelated with the amount you have in the bank. Andrew, what that means is, you could pay off your debt tomorrow and you would still feel bad about money. I don't say that to make you worry. I say that to tell you I want you to get aggressive about paying off this debt. It's not doing anything for you. You don't even know what you spent the \$17,000 on the credit card. You can't even name anything. Let's just get rid of it. But, also, you have to simultaneously work on your money psychology. You can do both, but they are two parallel tracks. And, of course, one will help the other.

Right now, we're working on the plan. So, \$1,000 in rent. Great. Don't change a thing. I love that you two have managed this rent, which is low and it's just great. Awesome. Car payment is done. I wouldn't have advised you to get that car, but you paid it off. It's a car that's going to run for a long time. Fantastic. So, you take this extra 1,500 bucks a month and what do you do with it, Andrew?

Andrew: Take care of the credit card.

Ramit Sethi: Yeah. How fast do you think that credit card debt will go away?

Andrew: Maybe less than a year.

Ramit Sethi: Correct. Exactly. You can now choose. You say, "Ramit, I like to have a little bit of this money in my savings account. It makes me feel better." That's fine. Life isn't just about the mathematically optimized answer. So, you might say, instead of paying 1,500 bucks a month, I'm going to take 200 bucks a month and keep it in my savings account. But I'll take the rest of it and I'll put it towards my credit card. I would love that.

I love it when people develop their money point of view. That's up to you. That's like you choosing how much salt you want to put on some dish. Love it. That's up to you. But I think what's important is that you choose your path. You automate it so that the credit card is automatically being sent money. And that you and Sarah talked about that plan.

When you talk to Sarah about money, I want you to come to her with a proposal. What you just said to her was a bunch of worries. We have to reshift the way you talk about money. Coming up with a bunch of problems is not the way to talk about money. I need you to come up with a proposal. Sarah can accept it or reject it. But it shows that you are taking the initiative when you come up with a proposal. So, try that again.

Andrew: So, what I propose that we do is that I will take the money that I have left over after all of my checking expenses get deducted. I'll take that money and pay it straight to the credit card. And then, I will hold off paying you the monthly grocery expenses and things like that until after the credit card is paid off. Is that a plan that sounds manageable to you?

Sarah: Yeah. That sounds manageable.

Ramit Sethi: So far, we've heard Sarah's frustrations. We've also heard that Andrew's spending habits are deeply shaped by his experience growing up, especially with his dad. I think Andrew's learning. It seems like he's having some breakthroughs today.

But there's something that's been bothering me, neither of them is putting skin in the game. They've signed up to come on this podcast. They send me all their financial details. They've opened up about a lot. But they're still not asking for help. And this is what's driving me crazy. If they're not asking for help, they're not putting skin in the game. They're just replaying their old arguments again. And they are not putting themselves in the position to receive help.

And you know what that does? That puts me in the uncomfortable position of just blabbing on and on to two people who don't want to hear it. So, what I'm going to do here is I'm going to call out the elephant in the room. I want them to understand what they're doing and not doing.

I'm going to wait until the two of you ask for help or we're going to all end up dead on this call for silence. I will watch my hair turn white before I volunteer to help you. Because the two of you are not asking at all. Have you noticed that?

Sarah: What do you think we should do? What do you suggest we should do?

Ramit Sethi: Finally. I love Andrew's example of taking both of your loves of experiences and baking that in. It could be a date night. It could be a brunch. It could be you both love going for a road trip or a drive somewhere. It could be you two planning on when you're both going to have \$1,000,000. And, you know, you're 0.7 percent closer to it.

It could be the two of you going through my rich life process and discussing when are you going to get married and putting aside \$10 or \$50 a month. You could go through my Wealth Triggers Program together, and talk about money psychology and where you want to spend money once the debt is paid off. There are so many things you can do to make money fun.

Oh, my God. I'm having fun looking at your finances right now. Because when I saw your application and I saw your numbers, I went, "Why are they so down?" Like, we could knock this debt out pretty fast. It's not that big. And now that I talk to you, I understand why. It has very little to do with the numbers. These numbers are incredibly manageable.

You two don't know how to have fun with money. You don't have a vision of something awesome that's in your rich life. There's no joy. And it makes me sad because I want joy. With the amount of money you earn and the amount of investments you have, it would be a tragedy if you can't find a way to use money, to feel joy, to use money to be generous, to use money to live these amazing experiences. That's why I wanted to talk to you. And that's why I kept pushing you both on this call.

Andrew: Now, that I'm able to distinguish the whole thing with, like, my dad and everything, and understanding how that affects me and the relationship as well, I think moving forward I'll be able to catch myself in those moments when I'm talking to Sarah. And be able to have a better understanding of not just how I'm showing up in this conversation, but then also understanding where she's coming from as well. I intend to knock this dead out and be able to live the experience. Like, I don't want to waste the time. So, I'm all about making this as smooth a process as I can.

Ramit Sethi: Sarah, how do you feel about that?

Sarah: Yeah. We are in it together. This problem affects both of us. So, it takes two to be a team and we just have to support each other. And then, I'll always be there to support him even if he somehow gets off track, I'll always be there to support him. We'll figure out a plan and we'll get back on track.

Ramit Sethi: What about when he pays off his debt and he has mastered the ability to talk about money? What about then?

Sarah: Well, once he pays off his debt, he's going to buy me a ring, you know. I hope that we will continue to have these healthy financial discussions and then figure out what we could do jointly as a couple, whether it will be a wedding, a house, or us going on a random trip.

Ramit Sethi: Would that be fun to talk about?

Sarah: Yeah.

Ramit Sethi: Then, why don't you start talking about it today? You don't have to wait. That's my point. A rich life is lived today and tomorrow. That's the way to make your conversations fun. You don't need a cupcake and you don't need a clown car. What you need is to talk about the things that are important to the two of you. Talk about them. Discuss them. Make a plan. Put a little bit of money towards it, even \$20. That's the beginning of a rich life.

I received an email from Andrew after we talked. He took my advice. He filled out a conscious spending plan to help him pay off his debt.

Here's a little excerpt of what Andrew said, "Ramit, what surprised me the most is, 'I didn't realize how much my dad's influence still stuck with me.' I've had therapy before because of my toxic relationship with my family. And this isn't the first time my dad has come up in conversations like we had."

Andrew has a lot to work on. And Andrew and Sarah have a lot to work on together. He has put together a plan where he will pay \$1,472 towards his debt every single month and still have money left over for guilt-free spending.

Podcast Episode 46: The ghost of FIRE still haunts our money mindset - we can't enjoy money

Synopsis: Carolyn and Gavin have been married for ten years. They have three small children and bring in about \$130k annually—with a healthy \$500k in investments. So what's the problem? Once we look closer, specifically at their obsession with money mechanics, we see a deeper issue.

They learned these bad habits as members of the FIRE community, a lifestyle they've left behind but that continues to haunt their money mindsets to this day. To make matters worse, Carolyn has disassociated from the family's money conversation completely.

How do you work as a team when one member refuses to participate? And how can you reset your instincts related to saving and spending after so many years repeating bad habits? Listen in to find out.

Podcast Transcript:

Ramit Sethi: Today, I'm speaking with Carolyn and Gavin, who have been married for 10 years and have three small children. They bring in about \$130,000 in annual income, and they have about half a million dollars in investments. So what's the problem? Well, Carolyn is disengaged from the family's finances. She doesn't want to take part in any of it.

And this has isolated Gavin. It's created a vacuum in how they make decisions. Even when Gavin tried to set up a money meeting to talk about their finances, Carolyn was completely uninterested. She wanted to get out of there as quickly as she could.

So how do you work as a team if your partner just doesn't want to talk about money? And what if they use all kinds of different techniques to avoid it whenever you try to bring it up? Gavin and Carolyn reached out to me because they want a way to talk about money together. But I spent a lot of time in today's episode gathering clues.

I want you to pay attention to a couple of ones in particular. The first is that they used to be part of the FIRE community, that is Financial Independence Retire Early. And the second clue is that they are obsessed with the mechanics of money. They're obsessed with the mechanics of everything, how it works rather than what it means. I'm Ramit Sethi, and this is I Will Teach You To Be Rich.

Gavin, can you tell me about the last time that you tried to have a monthly money meeting with Carolyn?

Gavin: The first time it was horrid. I was like I was talking to a brick wall.

Ramit Sethi: So what happened? You sat down and what happened?

Gavin: We sat down. We had some cocktails. I opened up the spreadsheet, which was the first mistake. I started talking about the numbers in the spreadsheet. I said, "Well, you know, here's our net worth. And here's what we have invested in our investment accounts." And that didn't work at all. It's like she was not interested in having that conversation at all. She pulled out her phone. She was looking at something on her phone, looking off into the middle distance, not at me. It wasn't a conversation.

Ramit Sethi: And did she ask you any questions?

Gavin: No, I don't think so. I don't recall any questions.

Ramit Sethi: What did it feel like to you to be in this meeting?

Gavin: It felt like I was wasting my time. I had a sense that I didn't have her attention and that I hadn't started correctly. I almost had a sense that we should try it again. I mean, it was a short meeting, 5 to 10 minutes.

Ramit Sethi: How short?

Gavin: 5 to 10 minutes.

Ramit Sethi: Okay. The first money meeting is five minutes, that's not usually a good sign.

Gavin: Well, at least we're having the meeting, right?

Ramit Sethi: Yeah. I like a lot of what you did. You put it on the agenda, you put it on the calendar. That's great. You had cocktails, making it more fun. I like that. The rest of it, we could tweak some of that. But I like the idea in concept. So when this meeting wrapped up approximately five minutes after starting and you both parted ways, when you reflected on this meeting, what did you think?

Gavin: If we're going to have another meeting it can't go like that.

Ramit Sethi: Did you know why it didn't work?

Gavin: Yeah, I think so. I sensed that I hadn't talked to her about things that were of interest to her or worked at it from an angle that was going to be appealing to her. I immediately started it off with my spreadsheet like the spreadsheet's my baby. And it's not that interesting to her.

Ramit Sethi: You're proud of your spreadsheet.

Gavin: I am. Who isn't proud of their spreadsheet?

Ramit Sethi: I listen, you're preaching to the choir, man. I'd spent years trying to convince my wife how cool my spreadsheet was and that didn't work. But I told her, "But do you understand how it all flows?" And she still was not interested.

Gavin: Look at this graph. It increases from the left to the right. It means that we're on trend.

Ramit Sethi: Yeah. So maybe you and I should just have a money meeting where we talk about our charts. I can tell we'd be excited. Okay, Carolyn, tell me what happened the first time Gavin proposed having a money meeting.

Carolyn: I thought, Oh, God, here we go again because he does like to talk about money. He just tried. I mean, it was not the first time he's ever tried it or we've ever tried to talk about money. And I knew he was listening to your podcast. I think the problem with that meeting was that there was not a clear goal for me at all. I had no idea what we were going to do. And I don't think he knew what we were going to do either beyond "Okay, we're going to talk about money."

So he comes in hot. He comes in maybe a little condescending with a whole bunch of numbers. I don't think his spreadsheet is particularly easy to read. So it doesn't make a lot of sense to me, not just because...

Ramit Sethi: Let me stop you right there. How dare you insult this man's spreadsheet?

Carolyn: He just loves it.

Ramit Sethi: How dare you?

Listen, I can help a lot, but I can't work miracles. If somebody insults his spreadsheet, that's out of my hands.

Carolyn: I also like spreadsheets. I am pro-spreadsheet. I have my own, but he is hard to read. I couldn't follow easily.

Ramit Sethi: Okay, so there are usability issues. Okay, let me file this away. So he comes in hot; he starts talking about numbers. And then?

Carolyn: I just shut down. I mean, I think we already knew how this meeting was going to go. I think we both came to it with preconceived ideas about it. So even though there were cocktails, even though it was on a schedule, I knew I wasn't going to want to do it. And he knew I wasn't going to want to do it.

Ramit Sethi: This is an extremely insightful comment by Carolyn. She just said, "We already knew how this meeting was going to go." Well, if you believe the meeting is going to go badly, then guess what? It's

going to be bad. I think in a relationship every partner learns which topics to avoid, and which topics to walk on eggshells around.

But for some topics, like money, they're so important. You have to find a way to build a bridge, even if it's uncomfortable. Well, I guess you don't have to. You can end up like most Americans who only talk about money when they fight, who think it's weird to create an agenda to talk about money, who constantly complain they can't get ahead, but they've never read a single book on money. Maybe I'm digressing here. Back to Carolyn.

Carolyn: So he comes in annoyed with me already that I'm not interested in that when he said we have a meeting, I rolled my eyes. So that was already existing before the meeting started. And he has all the information. I have access to the spreadsheet. I do, but I don't look at it. And I can't read it very clearly. So he already comes in with all this information. And he pulls it right up, and here it is. There were never any warm feelings that it was going to be good.

Ramit Sethi: That's interesting. Yeah, it makes a lot of sense. And I appreciate you saying that. So it was, we had a meeting. You said it doesn't work. It's not particularly warm, I get that. I will say him asking for the meeting I bet you show caring from his perspective, but I don't think you perceive it like that. It seems like it's an obligation to you, a chore. I think that he did a nice touch with the cocktails, so a very nice touch.

I think his intention was probably good. Showing the numbers, I think he probably wanted to celebrate a bit because I've seen your numbers. They are very impressive. But it seems like he jumped right into it without warm-up. Would you agree with that?

Carolyn: Yes.

Ramit Sethi: Okay, Gavin, hearing this, what strikes you?

Gavin: I mean, it's spot on. I am condescending.

Ramit Sethi: You are?

Gavin: Yeah, I think so. And I can be a bit of an asshole. So I'm okay with that. I mean, I'm not okay with it, but I'm okay with admitting to it.

Ramit Sethi: Okay. I like hearing both of you admit these things, "Hey, yeah, I'm a little condescending." Okay, put it around the table. I need to know this stuff. And Carolyn, I like hearing you admit, "I wanted this meeting to end." Okay, fine. Now we can work with that. What I can't work with is self-talk that just spins around and around and doesn't get to the truth.

Deep down most people know the truth about themselves. They might need a little nudging, they might need to unpeel a few layers, but deep down we know the hard part is having the courage to be honest about it. But in a rich life, a rich life means you're honest, honest with yourself, and honest with the people around you.

Carolyn: We've been married for 10 years, and I'd feel perfectly comfortable rolling my eyes at him and looking at my phone and being, "I don't want to talk about this." However, the discomfort manifests itself differently in different situations.

Ramit Sethi: So root is not you rolling your eyes at Gavin, which I also think is probably not the best strategy for your partner, but, as you said, it manifests itself differently. Until you become comfortable with money, it's just going to manifest in very peculiar ways in different scenarios. And to get comfortable, you have to get confident. To get confident you have to get competent.

Gavin did have good intentions, but the money meeting did not go well. I will say I think it means a lot that he tried to have a money conversation. Maybe he didn't approach it in the right way. And we know that

Carolyn certainly didn't take it seriously. But that doesn't mean they're going to be stuck like this forever. To help them, I need to understand what's really behind their disconnect with money.

Gavin: We moved back from Germany in 2015. We lived overseas for my work. And about that time I got into the FIRE community and started going through actually adding some rigor to our finances, which were always pretty good. But that added some rigor. And then I started questioning small things and laying it down a little bit second in terms of, "Is this a good idea? Do we need to spend this much money? Let's go through the grocery receipt and look at what we're purchasing."

Ramit Sethi: That's my special help. Gavin, how did you get from the FIRE community to meet because the FIRE community loves their receipts?

Gavin: Basically, I tried to get everyone around me involved in the FIRE community.

Ramit Sethi: Oh, wow, that must [inaudible 00:12:58].

Gavin: I got good reception in some places and not such good reception in other places. But it was my brother. He's like, "You're ridiculous. You're out of control." He didn't say you're cheap. But that...

Carolyn: Oh no, he did. He said that.

Gavin: And he kept suggesting that I read your book, and I just wasn't into it. And finally, when the podcast started coming out, he said, "You should listen to this podcast." And I did and I had already started to change my perspective a little bit. But I think the podcast and reading the book solidified it for me.

Ramit Sethi: What did it solidify for you?

Gavin: There wasn't as much joy in money, in savings, and finance as there should be, and that you can be too absolutist.

Ramit Sethi: Yeah, I see that. In fact, of all the things I asked you what you both spoke about money, there wasn't one joyful thing.

Carolyn: That's interesting. It's a very interesting thing that I noticed because that's true. I can't think of a joyful conversation about money. It's things like, well, I bought tickets to California and we're going to go, isn't that exciting? So the trip is fun, but like...

Ramit Sethi: For everybody listening, Carolyn has a dumbfounded look on her face right now. I think that's an accurate description, right, Carolyn?

Carolyn: Yeah. Again, I don't think of money maybe as being a joyful conversation. I mean, I don't.

Ramit Sethi: You've just heard massive clues on what is going on here. First, Gavin tells you that he used to participate in the FIRE community. He was almost evangelical about it. How do you think that affects him and Carolyn, who got very quiet when she admitted, "I can't think of a joyful conversation about money"?

If your entire perspective of money is a negative thing, then it's no surprise, you want to avoid talking about it. If your entire perspective on money is that you should accumulate as much as possible, and squelch all joys, and save and hoard and track your spreadsheet every day so you can escape this job that you hate, how do you think that affects your view on money?

So people think of money as a chore, an obligation. They prefer to avoid talking about money or even thinking about it. Others think that money is evil. If you earn more, you'll become an asshole, you'll get too big for your britches like all those evil rich people out there. Some people think that focusing on money or admitting they would like to make more makes them vain.

In almost every case, there's a complete lack of joy around money, and often a hyper-focus on the mechanics of it. But if you only focus on the mechanics of it, like certain communities, then you never develop the connection between money and joy. And that explains Carolyn's dumbfounded look when I asked her that question.

It would be like me asking somebody, how can you use concrete to create joy in your life? What? Concrete? What are you talking about? Many people literally cannot see the connection between how money can lead to joy. And that's my job here.

Why now? You could wait years. Your life is fine. You have a nice family; you have a lot of money. Why? Why change?

Gavin: Why wait to start living bigger and better? We're at a crossroads. My job is changing. Carolyn is looking at going back to work. We're looking at a major move. So when we talk about these big life decisions, major things is happening in our lives. I think it helps to be in alignment. It makes it more present. With the lack of alignment, you become more aware of the lack of alignment with these kinds of big changes.

Ramit Sethi: Carolyn, what do you think?

Carolyn: Yeah, I think the same thing. I think it's this idea that we're going to move and essentially start a new life in California.

Ramit Sethi: All their answers are so generic. They're using intellectual words like lack of alignment, and vague phrases like start a new life. But part of my job is to not take people's answers at their face value. I don't have to believe everything people tell me. Half the time they're lying to themselves, and they don't even know it.

Most people crave someone who they trust, who will gently ask them questions like, "Really? Are you sure about that?" Because most of the time, we have not thought deeply about these issues. So when I question people, I don't usually say, "Hey, I think you're lying to me." Sometimes I will, but usually I don't. What I'm trying to do here is to interrogate them gently, to ask them to interrogate themselves, "Really? Do you believe that? Where'd you get that from? Is that the truth? Or is that just the story you're telling yourself?" And when they can do this themselves, suddenly, they can start to uncover their invisible scripts. Suddenly, they realize, "Well, I've believed this thing for 15 years and I never actually checked if it was true or not." And that can hopefully lead them to design their rich life.

When you think about your overall financial picture, your net worth, income, and all that stuff, is it in an easy-to-access place?

Carolyn: No, so we tried one of those wallet apps.

Ramit Sethi: Forget all that. Forget all that. Get a piece of paper and a crayon and write it in that way if you need to. I looked at several couples' financial documents for each other, it was so complicated. They'd every single thing split out. I go, "God, I'm getting overwhelmed and I do this for a living." They're splitting out all kinds of subcategories. I go, "You guys are optimizing for precision. You should optimize for simplicity. Just get 85% of the way there. Who cares about the other 15% at this stage of the game?" You should be able to put all your stuff on one page. You already sent me a one-pager. Use that. Take it and make a copy. And what I would suggest, Carolyn, is for you, you have to take the lead on this one, to ask Gavin, what you need in a document that would make you feel comfortable.

Carolyn: Starting with our income and savings and investments, and then specifically where those investments are interesting to me and how much—

Ramit Sethi: And what if you just wrote Vanguard or Fidelity? Would that answer your question? Or do you want to—

Carolyn: Yeah, that'd be fine.

Ramit Sethi: You don't care about the logins there?

Carolyn: Well, I have them.

Ramit Sethi: Well, you told me like 10 times in this conversation that logins are a problem.

Carolyn: They are. I hate that. I mean, I could access them. I don't have them in my head.

Ramit Sethi: Well, do you have a password manager?

Carolyn: Not really.

Ramit Sethi: Okay. So you don't have them. Do you use Safari or something that can save your passwords?

Carolyn: Chrome.

Ramit Sethi: Okay, so what's the problem? Chrome saves them.

Carolyn: I feel like fine financial passwords shouldn't be just on your computer.

Ramit Sethi: So they should be locked up somewhere where you can't use them at all.

Oh, my God, they were so stuck in the mechanics. She couldn't even get beyond passwords. They're so stuck in these weeds. They can't even see what's important. And truly, she's lying to herself by believing that passwords are really what's stopping her from engaging with her money.

Try to ask yourself, what do you think they are getting out of this? What do you think that this hyper-focus on mechanics is doing for each of them? That's the question that I'm thinking of right now.

Carolyn, work with me here. You asked him that in that document, he should tell you where the investments are. I said, is it enough to just write Fidelity or Vanguard? And you said, "No, I want to be able to log into them." Okay, so what do you need to be able to log into them just like a Subway sandwich will have all of its ingredients right in front of the sandwich maker?

Carolyn: I mean, the passwords.

Ramit Sethi: And where do you want the passwords to live?

Carolyn: I'd love for them to live in my brain, but I don't think that's possible.

Ramit Sethi: I'm going to ask you again, where do you want the passwords to live?

Carolyn: I'd like to write them down on a piece of paper.

Ramit Sethi: Okay, fine. Fine. Do what you want. For everyone listening, get a password manager, 1Password, LastPass, or whatever. But honestly, just figure out a way to get the passwords somewhere where you can access them.

Now I will tell you something, Carolyn. I suspect that if you put these pieces of paper with the password somewhere in some box or some drawer somewhere, you're not going to go and get them.

Carolyn: Yeah, I think you're right.

Ramit Sethi: So can we just be honest? You're not going to go and pick out those hidden pieces of paper from under a drawer. You're not. You know the truth.

Carolyn: Yeah. What if he gets hit by a bus? I'm going to need the passwords.

Ramit Sethi: You need the passwords. They cannot live in his head. But you need them more readily. Gavin, do you want to jump in here?

Gavin: Yeah, I'd be willing to look at some of those password minders. It comes down to providing that security and providing that access and taking away any perception of inequality in the finances. And maybe the risk is worth the return on that.

Ramit Sethi: I agree. You guys want to do it, right? Get a password manager. Pay for it. And then the two of you have access to your shared passwords, and it is secure. Do it. This is a solved problem. The fact that we're spending 10 minutes talking about passwords is fucking crazy to me. Do you not realize that? Why are you spending my time talking about passwords when we could be talking about millions of dollars that you have to spend?

So you are both causing yourself to play small by letting these little logistical details get in the way. And because it's what you've been doing for years, what a tragedy! You're going to end up, by the time you're 65, with \$9 million. And you're going to be sitting here talking about a freezer and debating over ordering a CSA? No. We can't let that happen. I won't let it happen.

Carolyn: The idea makes sense to me, but your points about the mechanics are difficult. I've always just thought of it as a mechanical thing. I mean, you make money, you save money, you invest money, and then you spend it on groceries, a trip, or whatever. It's always been extremely mechanical for me. The idea of putting all this emotion into it, even when you spend it on something fun, is just very foreign to me.

Ramit Sethi: Ding, ding, ding. This is a huge clue. If you see money as mechanical, why would you want to engage with it? You don't. You want to minimize it and get on with your life. And try to think where they come up with this concept of money as mechanical. Who was the one who was really into it? Who was evangelical about spreading the word? And how do you think that affected this relationship?

Yeah, it is. That's why my readers are so successful because they quickly learn by using all the other free stuff out there, that mechanics only gets you so far. And you run into trouble with yourself and with your loved ones when you just try to beat people over the head with a spreadsheet or all these investment logins.

You also minimize yourself to thinking that life is just a series of mechanics. I mean, if we're going to do the same thing for your kids, isn't it just mechanical? You wake your kids up in the morning, you feed them some food, and then you make sure they don't drown, and then you put them back to sleep. Hey, that's mechanics. But is it missing anything? Yeah, it's missing everything important—love, caring, intentionality, all of it, even yelling at them.

Listen up, people. I don't want to talk about fucking password managers. I don't want to talk about your stupid money apps or your cool productivity apps. They're all worthless anyway. The best people in the world do not obsess over tools. Losers on social media do. They're the ones posting their 49-minute videos on how they use Roam Research and Inbox Zero and their simple morning routine of 39 Cosmedix. Pick something simple and move on.

The point is not to optimize your password manager. The point is not even to live in Inbox Zero. Who cares? The point is to live a rich life. If you and your partner had a sticking point like this, then zoom out.

Ask them, "Hey, what's important to us here? We want to have easy access to our passwords so if one of us gets hit by a bus, the other one isn't left in the lurch." Fine.

Do you have an idea for a password manager? Oh, you do? Oh, I don't agree with 100% of the features. Fine, let's do that. It's 85% of what we both want. And I want to move on so we can focus on the bigger picture here. That's how you do it. I can already think of 10 other things that the two of you could be talking about more joyfully.

Carolyn, what were your rich life items?

Carolyn: I mean, a house that's big enough. We have three young children, so a house of good size with... I'd like it to be somewhere where I can see the stars with a telescope so if not a lot of light. A dog [inaudible 00:28:20] dog right now. Being able to allow my children to pursue whatever it is that interests them and not be worried about if they want to play a different sport, or if I need to buy them a trombone, whatever it is, just being able to pursue that with no problem.

Ramit Sethi: Sounds like a beautiful vision. And how old are your children?

Carolyn: Seven, almost five, and two.

Ramit Sethi: And Gavin, what about your rich life?

Gavin: Yeah, I mean, it largely mirrors Carolyn. So we would like to take our kids to experience things, and different cultures, not necessarily at the peak of luxury, but getting there I can see upgrading from coach. Europe would be fantastic. There are these fantastic little huts in the Swiss Alps and I'd love to go on a hiking trip.

Establishing productive children is a big one and just a lot of opportunities for them to play and be outside. Add large environmentally conscious property with animals and food growing there I think is important to both of us.

Ramit Sethi: Love it. Okay, great. So I get excited listening to your rich life items. Did you two have a good time talking about these?

Gavin: I love it. I love talking about this.

Ramit Sethi: Let's step back and think of how much we've covered in the last 10 minutes. It's been quite a journey so far. We went from critiquing the security capabilities of different password managers to building a full, rich life vision that takes Carolyn, Gavin, and their three kids to this beautiful Swiss Alps travel rich life vision.

Do you see now how powerful a change in perspective can be? And do you see how much work it takes to get out from those mechanics, from those weeds, and elevate yourself to create a vision? In talking to a lot of couples, I have learned that many people have lost the ability to dream. We all have those kids. But when you think about money, a lot of people put on a sour face, and go, "Okay, time to talk about money." It's like when people talk about marriage, "Time to get a hitch. Time the old ball and chain." What a terrible way to look at marriage!

If you've lost the ability to dream, might I encourage you to quickly get it back? Because it's one of the most important things I think anybody, certainly any couple can have. Now, back to the one sheet. We've honed in on Carolyn and Gavin's why. So this makes it a lot easier to talk about joy in the next part of our conversation, which is building a conscious spending plan.

On the one sheet, I think, Carolyn, that you should have a conscious spending plan with an amount that you— I was going to say you get to spend every month, but I think you have to spend it every month on something joyful. I bet that's going to stretch you. So let's pick a number. I don't know the exact number. Gavin, what's a ballpark number of a discretionary amount that each of you would get each month and you have to spend it on something you love?

Gavin: \$1,000.

Ramit Sethi: Wow. Okay, that's more than I thought. Carolyn, what do you think about that number?

Carolyn: More than I thought.

Ramit Sethi: That's a lot for \$150,000 income. What's going on? 2,000 a month. That's 24,000 a year of \$150,000 gross. But meet me halfway. I rarely do this. Usually, I have a bunch of millionaires who are sitting here and they go, "Oh, \$50." I go, "Fuck, \$50. I don't want to ever talk about \$50 with you." So you're the opposite. You picked bigger than I would have, which I love.

I'm going to rein you back just a little. It's tough to go from zero to \$1,000 a month. I want to set you up for success. Forget 1,000. Pick a number lower than that.

Carolyn: Let's go with 500, which is still a huge— I mean, massages come to mind.

Ramit Sethi: How much does the massage cost where you live?

Carolyn: I think about 110 bucks.

Ramit Sethi: 110 buck. You tip, right?

Carolyn: Yeah.

Ramit Sethi: How much do you tip?

Carolyn: Well, yeah, on top of that at 20%.

Ramit Sethi: Okay, good. Nothing worse than a cheap tipper. Okay, fine. So 500. Gavin, are you putting yourself because you're a cheap tipper? I'm going to kill you right now.

Gavin: Yeah, I'm working on it. I'm working on it.

Ramit Sethi: Yeah, here's how you work on it. Add a zero to your fucking tip. What's the problem? God, if I fucked you up? Why? Why can you be a cheap tipper when you have millions of dollars? I don't understand. How much do you tip? Tell me the truth.

Gavin: I mean, it's gotten a lot better.

Ramit Sethi: Shit. When you ask cheap people if they're cheap, they never answer the question directly. This is what they do. They always go, "Well, it's not that I'm cheap. I just like to be selective about what I buy." Gavin's doing the thing here where he talks about how much he's improved instead of answering my actual question.

Listen, people, this isn't your fourth-grade soccer team, where you get the most improved player award at your pizza party, which is the nice way of saying, you were the worst kid on the team. This is real life. Answer my question, Gavin. No one ever tells me the truth. Every time the answer is really bad, they always say, "It's getting better." I go, "Just tell me the fucking number so we can get into this." How much do you tip?

Gavin: I'll tip 15%. It depends on the service.

Ramit Sethi: Okay, that's a lie. When he says it depends on the service, what he means is, "I always tip less than 15%, and once a year I'll tip 15%. And therefore I will say it depends on the service so I don't sound cheap." I once interviewed a waiter who'd collected thousands of tips, and he explained tipping psychology to me.

He told me people like to imagine they are highly responsive to service by the amount they tip. In reality, you're either a cheap tipper or a generous one. Most people tip the same amount all the time. And it's not about the service you receive. It's about you. I fucking hate cheap tippers.

So, Gavin, you love spreadsheets, you love tracking everything. And every so often you'll say like, "I don't know, should we get this? Let's go to Costco; we can save a lot more over there. And like if we do this weird thing where we drive all over town, we can save an extra \$6." And then you bring that home and you mentioned certain cost-saving strategies to Carolyn. Did I get that right or wrong?

Gavin: I've gotten a lot better in the last year.

Ramit Sethi: But that's not what I asked you. Carolyn, tell me the truth.

Carolyn: I also will drive around for a good price.

Ramit Sethi: Guys don't give me a straight answer here. Does Gavin do that?

Carolyn: Yes.

Ramit Sethi: Everybody's distracting themselves from answering me. What is going on here? The two of you are wealthy. What is the minimum percentage you're going to tip from now on?

Carolyn: I mean, I've always tipped 20%. I'm happy going above 25.

Ramit Sethi: Okay, 25? Gavin. By the way, this number has to be the same because you two are married. You are a team. Gavin is quiet all of a sudden.

Gavin: I can roll with 25%.

Ramit Sethi: 25%, it is fantastic. This is money that you can afford to spend and is quite meaningful to the person you tip. Let me just draw a line here. 25% minimum. You can tip higher if you want. 25% minimum if you are eating at a restaurant, 25% if you are buying a cup of coffee, 25% if massage, anything. And if you're not sure, tip. You can't go wrong.

Gavin: Okay, so how about that little tip jar on the counter at the bakery? Do you tip for that?

Ramit Sethi: Yes. Wait. Keep asking. What else? What else are you not sure about?

Carolyn: Hotels? He does not believe me that you should tip the hotel cleaning lady.

Ramit Sethi: Oh, yeah, you tip \$20 a night. Look at that face. Everybody couldn't see that face. He made a face like he just stubbed his toe and he knew the pain was about to come in about two seconds. Yeah, you're going to tip \$20 a night from now on. And you're never even going to probably see the person's face, but it's going to be incredibly meaningful to them. You can afford it.

He's writing it down. This is awesome. Gavin, I appreciate you. You're fully engaged with this. You're writing it down. I can tell it. That means a lot. This is getting you out of your comfort zone because this isn't just a Carolyn show. It's the two of you here. And I love seeing this. I love it. Carolyn, it's amazing. You came to life when we just started talking about tipping. And you're like, "Oh, yeah, I tip all the time. I tip 20%. I have no problem going higher." You were just boom, so confident. That tells me that money is

not just this dark place for you, that there are certain aspects of money that you feel comfortable and good about. And I just saw it. That's exciting.

Carolyn: I do like giving money away. I mean, it feels great to call up NPR.

Ramit Sethi: Bingo. It took me hours to get to this point. But finally, I can see how money is not just this mechanical thing to Carolyn. Although Gavin is usually the leader when it comes to money, Carolyn is way more comfortable when it comes to tipping. And once I discovered this, I got excited, because by making this explicit, I can help them see that money is something they can both engage in. Sometimes Gavin knows more. Other times Carolyn knows more. And now together they can start to design their rich life vision. And now that I found this out, all it took was me becoming outraged over their tipping habits. I want to keep pushing. I suspect their kids are the next place to focus.

Carolyn: We engage them and ask them where they want to donate to because, especially our eldest, she's an outdoor maniac and she loves the wolves and she loves the spiders and all that stuff. That's...

Ramit Sethi: Yes. Okay. Hold on, Gavin. One second, one second. Beautiful. Do that. That rolls off your tongue. One thing I want to suggest, I want you to think about who presents this message. Gavin, I'm sure you talk about money more than Carolyn with the kids. They come to you and the Tooth Fairy and all that.

This would be an amazing opportunity, Carolyn, for you to demonstrate leadership. Imagine sitting down with the kids and Gavin and saying, "Dad and I were talking and we have decided that we're going to donate every year because it's important for us to give back." Notice I'm telling them why. I'm teaching them. I'm connecting money with joy. "And we want to get you involved. Dad and I have decided on one charity we want to donate to, but we want the three of you to come up with another one." And they are seeing you, Carolyn, leading this conversation. What do you think the kids are taking away from this?

Carolyn: I mean, that it's fun to give away money and that it's an important part of their responsibility. It's something that grownups do.

Ramit Sethi: Yes. And specifically, who is leading this one?

Carolyn: Mom.

Ramit Sethi: That's right. That is a beautiful moment. Gavin, what were you going to say?

Gavin: Yeah. You pretty much filled it in for me, sitting around the table talking, having a conversation together as a family and, "Hey, what are some of the things that we love and who wants to—" We do this thing at dinner every night, rose and thorn, where we go around the table and say one thorn and one rose from the day. And we could do the same thing with charitable donations, I think, who do we each love or cause?

Ramit Sethi: Paint the picture for me, Carolyn, what do you want your daughter to see in you? I mean, physically see. What do you want her to see as it relates to her mom and money?

Carolyn: Being competent, not freaking out because I can't find my luck. Just being calm and competent about money, just, "Oh, we got to check this real quick."

Ramit Sethi: Okay, so let me translate that for you because I want to bring it up again, what can someone visibly see? You want her to see you logging into some of your financial accounts and reviewing certain numbers; is that right?

Carolyn: Just not avoiding it, not fretting about it. Just having it be part of everyday, regular life. You buy milk, and you go to school, and you brush your teeth, and you take care of your money if you need to.

Ramit Sethi: {00:41:58] If you have kids, I want you to sit down with your partner and ask each other, "What do we want our kids to notice about how we treat money?" You'll notice that Carolyn made a common mistake. She started using descriptive terms like being competent, and not freaking out. So I gently redirected her to this question, "What do you want your kids to visibly see you doing?" Like visibly with their own eyes. They should probably see you logging into your accounts so they realize it's normal to track money.

They should see you planning a vacation so they understand that money allows you to do these amazing things. They should see you deciding what type of bread to buy, and even audibly weighing out the pros and cons of certain purchases so they understand that money involves trade-offs. Show don't tell. That is a key principle inside my company, I Will Teach You To Be Rich. I want you to use it as a parent too when it comes to showing your children the importance of money.

Okay, so she'll see you not fretting about it, and also logging into your accounts and making it just a normal matter of what you do in a day a week, or a month. What else do you want your daughter to see you doing?

Carolyn: I'd like her to see me, to our conversation earlier, spending money and doing fun things, finding some joy and money.

Ramit Sethi: Families talk about the things that they value. And I just love the idea of the two of you as a team starting to talk about money in a way that's meaningful to you and then to your kids. So I would say here's what you do. You have your one sheet, which I'm going to give you some homework to do at the end of this call. Second, you have your monthly call that's already going so much better than it is, add to it.

Each month, I recommend that you go—well, you should do it every week, go through one chapter of the book. It's a six-week plan. So by the end of your second call, you'll be done. You too could probably get through that quite quickly. But don't rush it. Chapter 4 is your conscious spending plan. I want you two to create it together. And this will be fun. This isn't a budget, Carolyn. Budgets are backward-looking.

The conscious spending plan is where do you want your money to go looking forward. Now you know that each of you has \$250 a month for your only spending. So that gets written down right away. And then you have money for the kids. This is where you get to map it out, how much do we want to spend on the kids?

Carolyn: It was interesting as a starting point and it had never occurred to me to do anything like that before. And so I did it for a while. And I was like, "Okay, now I have a concept of it and I have no desire to do anymore."

Ramit Sethi: Okay, cool. So, hey, that's going to come up in Chapter 4, the conscious spending plan, because you're going to have a pie chart. And it is going to have recommendations. This is how much you should spend on your fixed costs and your investments and all of that. And my favorite one of all is guilt-free spending money. Guilt-free, isn't that a nice word? Because you already took care of all the other stuff, this is money, it's guilt-free. And whether it's awesome food, or a massage, or taking the kids to a coaching thing, guilt-free.

To get to guilt-free, you have to go through the work of making your plan. The two of you both want this to work. You just may not have the right tools, intentions, and history to make it work correctly. I later learned that you were in the FIRE world for a while, which explains some of your aggressive investments. And that is very impressive.

However, it has costs. And that became immediately apparent when I asked you about your daily spending. And it was just all mechanics, all mechanics all the time. I go, "Are we going to smile at all? Is there anything happy going on here?" And then we pulled and pulled and then everything came out. I feel very confident with the two of you. Sometimes we start with the simplest thing. Let's do a one sheet. Let's talk about our numbers once a month. Let's create a conscious spending plan. And that moves us at least for the next six months. That's the step I want you to take.

Gavin: Yes, I'll begin from that.

Ramit Sethi: Awesome. This was a fascinating conversation. With Carolyn and Gavin, the immediate problem seemed to be that Carolyn was disengaged with money. But as we talked, it became clear there's a lot more interesting stuff going on beneath the surface, for example, the fact that they used to be part of the FIRE community. FIRE helped them invest a ton of money and save and change their spending behavior.

But it also had its costs. And it caused them to look at money through the lens of pure mechanics. When you hyper-focus on the mechanics of how much can we save up? What's our savings rate? Oh, I don't know Trinity. Oh, my gosh, when can we retire? That can help you. It's a very pure thing to work towards. But it also costs you.

You will often see people on FIRE subreddits and forums talking about the problems that they've developed. They move the goalposts. They've made enough but they can't bring themselves to retire. They constantly worry about money. Some of them will even describe even more serious problems, anxiety, and mental problems. These are serious things. I want you to be aware of the costs of whichever approach you choose to take. In this case, FIRE as well as other things contributed to Gavin and Carolyn looking at money as purely mechanical.

Now I received a follow-up from both of them. Let me give you a quick excerpt of what Carolyn wrote, "I thought the price we were paying to live so frugally was dinners out and new clothes, which was easy enough to give up. I'm not sure if it would have ever occurred to me that the actual price was the joy that I was getting from occasional dinners out with my family, or well-fitting pants, or that mindset could rob me of joy in the future. Of course, seeing this doesn't mean I can change it overnight. But I did take my five-year-old out on a mommy Sunday and tipped the barista 25% this morning. That felt good."

Podcast Episode 47: We make \$500k. Why are we carrying a balance on our credit cards?

Synopsis: Ashley and Charles are in their early forties and have been married for six years. Together, they have five children from previous relationships. They live in a high-cost-of-living area—but, collectively, they earn over half a million dollars per year.

Because of Charles's investments and stock options, their income feels erratic, and Ashley is having a hard time making sense of it all. Ashley needs a better understanding of the family's finances to feel more at ease with their future, but a serious lack of transparency stands in the way.

Have you ever felt like your partner was hiding something from you? Something big? And how long can two people stick it out when something as basic as trust is an ongoing issue?

This is a huge job. Ashley and Charles have a lot to work on, but nothing is impossible. I'm going to help them simplify their money, so they can stop worrying about their spending and start envisioning a Rich Life.

Podcast Transcript:

Ramit Sethi: I don't know if they want to change. I don't know if it's too late. But I do know that they've never really honestly talked about money. I can tell that from just a few minutes of talking to them.

Whenever I ask people if they want to change, they almost always say yes. That's because it's easy to say yes. It's easy to claim you want to change. But when people see what it takes, many of those same people vanish.

I don't mind if someone looks at what it'll take and they consciously say, "Hey, I'm not going to do that. It's not worth it for me." But that rarely happens. It's much more common that someone will tell me they want to change with their money, and then they'll simply not do it. They'll do one rich life review, then they'll stop or they'll try talking about money and it will end up in a fight again. And they'll say, "See, I knew it would never work."

If you want to change something big like your money, your body, your psychology, yeah, it's hard. The first time you try, you will fail. We have to expect that we will fail. It took a lifetime to get to where you are. It will probably take years, if not the rest of your life, to truly change.

I'm over people saying two-minute abs. That's not how it works. Two minutes to financial freedom. It's bullshit. It will probably take you a lifetime to truly change. But what I try to do on these calls is to find out if they're honest about actually wanting to change. I don't think most people even know themselves.

In Ashley and Charles's case, to help them change, one thing I need to do is help them stop living in the past. I need to get them to focus on where they are today and where they want to go. So to do that, I asked them to fill out a conscious spending plan before getting on this call with me. We're going to go through it together. Now listen to them describe how it felt to fill out the plan together.

So let's look at the numbers here. I had you go through a conscious spending plan before we got on this call.

Charles: Yeah.

Ramit Sethi: Now, what was it like to do this conscious spending plan together?

Charles: Well, I have spreadsheets and a budget, but she just kept saying, "No, wrong, wrong, wrong, wrong, wrong." I said, "Okay, nice." It was a little uneasy during that exercise.

Ashley: It was completely frustrating. It was very challenging because I didn't know what was going on. I have spreadsheets, but I don't know what's real or not real. I've never seen accounts.

Ramit Sethi: Okay, so here I see gross monthly income of \$35,000, which adds up to \$420,000. Isn't that missing almost \$100,000?

Ashley: This was rough numbers. We did not—

Ramit Sethi: It's pretty rough. Wait. It's so rough that it's missing over \$100,000.

Ashley: Well, I don't know. Again, because nobody knows what's going on except for maybe Charles knows his number.

Ramit Sethi: No, no, no. Well, let's just do it right now. See, this is one of the things that couples often use to stay stuck. "Well, we got the money coming in here and the RSUs and the KSOs, and blah, blah, blah." Why don't we just start by putting it all out on the table? Then we can start chopping up things and moving them over here and there. Let's just put it all out on the table. What is your gross monthly income? [Silence]

No. Your podcast player is not malfunctioning. That silence is that they simply don't know the answer to the most basic of questions, "How much do you make?" They don't know. What an effective shield that must be to avoid ever having to talk about money. They make over \$500,000 a year and they're off by over \$100,000.

Now part of that confusion comes from all the different ways they make money. Charles has KSO, so a bonus. He also has RSUs or restricted stock units which are company shares that vest over time. Just for fun, let's listen to that deafening silence when I ask them how much they make again.

What is your gross monthly income?

Ashley: Well, let's see. So we're missing some.

Charles: I'm bringing mine up just to make sure that I'm getting the exact number.

Ashley: So I'll look at my last paycheck.

Ramit Sethi: I'm going to skip ahead here, not to end your suffering, but to end mine. I spent so long working through basic numbers with them. Let me just skip to it. And notice how confused they are about their numbers and how confusing this must be to their partner.

Ashley: I can give you my net paycheck, 9,930, but I get paid 10 months out of the year.

Ramit Sethi: Ashley, what do you do to get paid only 10 months a year?

Ashley: I'm a school nurse.

Ramit Sethi: Cool. Charles, what do you get?

Charles: Take home 4,393 times 2. That's take home.

Ramit Sethi: Take home is 8,786.

Charles: Yeah, and then every quarter I get a KSO. So it's very sometimes time-based on it. So I would say 5,900.

Ramit Sethi: 5,900 per quarter is 23,600 in addition.

Charles: That's correct.

Ramit Sethi: Okay, fine. And is there some RSU you want to put in here too?

Charles: 30,000 per year.

Ramit Sethi: So \$400,196, does that sound right?

Charles: Yeah, that's perfectly right.

Ramit Sethi: So what's the take home on that?

Charles: Gosh. Eliminate the RSU because I don't pull anything out of there.

Ramit Sethi: I just want to know the take-home. Just tell me the number.

Charles: 25,636 [inaudible 00:18:13].

Ramit Sethi: 25,636 net per month.

Charles: That's about right, yeah.

Ramit Sethi: Do you guys see how already there's so much that you two have not talked about? You're giving me these numbers. So one of them's in 10 months, one of them's in a year, one of them's by month. It's very confusing. That's the whole point of the conscious spending plan you put it in the same format so you're all working from literally the same page.

Let me recap. Ashley's gross monthly income is \$11,189. Charles's gross monthly income is \$33,349. 27,000 of that is cash, and the remaining \$5,000 to \$6,000 in stock. At this point, I don't know. Maybe I have all these numbers wrong. I don't know what the hell is going on anymore. I've been listening to them talk about decimal places and quarterly bonuses for so long. I have no idea anymore. They make a shitload of money. That's all you need to know.

Now most households won't have such a complex financial picture. But this is a great example of how couples let complications stop them from getting on the same page. Listen, I don't know shit about measuring a house, but I'm going to go out on a limb and assume you can't measure half of your house in inches and then the other half in centimeters.

You can't compare annual incomes versus incomes from 10 months versus incomes from quarterly bonuses. You need to standardize everything. Now I want to highlight something interesting for you. A lot of you think if you just had transparency in your relationship, suddenly you'd feel better. Transparency, that's all I need. Transparency.

Transparency is highly overrated. Yes, transparency is good. It's table stakes in a relationship. But a lot of you think it's going to magically solve your problems. Really? Well, here we have a beautiful case study. Ashley just learned about 10,000 a month coming in that she didn't know about. So do you think it changed the way she feels about money now that it's more transparent? Let's find out.

I'd like to just show you something. So currently you wrote that your gross monthly income is 35,000. In reality, it's \$44,511.

Ashley: Wow. Why is our bank account always empty? Because I don't see that money going to our joint account.

Charles: I don't know where the money is going.

Ashley: I don't know why \$13,000 goes out the window one month for all of his credit cards. I don't know why.

Ramit Sethi: That seems curious, Charles.

Charles: Yeah, I agree. I mean, I spend the money on furniture, on tires, on getting cars.

Ashley: Can you show the KSOs, what you get per a KSO?

Charles: Some of these are here.

Ashley: So you got \$13,000.

Charles: In the KSO. Zero is take-home. Do you see that?

Ashley: So you got a \$13,000 KSO check on April 26?

Charles: That goes into the E*TRADE account.

Ashley: What E*TRADE account are you referring to and why isn't it going to us? Because I feel like we're drowning.

Charles: This is cash in the E*TRADE account.

Ashley: Why are you putting cash in an E*TRADE account?

Charles: It's not cash. It's not cash. It's stock.

Ramit Sethi: Charles, what is she asking?

Charles: She thinks I'm taking this money and putting it somewhere else and hiding.

Ramit Sethi: Are you?

Charles: No. It's in the E*TRADE account.

Ashley: I don't know about this money. I've always been so confused as to, like, you make so much money and we have no money. We have to take money from our brokerage account sometimes because we don't have any money in our joint account.

Ramit Sethi: Charles, you got to stop looking at the screen, man. Your screen is not going to help you on this one.

Charles: No, no, no. Because I want to show you where the money is.

Ramit Sethi: Charles, before we get into you showing your P&Ls, and this is a handmade document in Google Docs financial statement, what do you think Ashley's reaction is going to be to this?

Charles: I don't know.

Ramit Sethi: I know. I could tell. I never even met her. I know looking at her face. What do you think it's going to be?

Charles: I don't know.

Ramit Sethi: Can you guess? You've been married for five years. Do you think that this is going to address what she wants to know?

This is getting frustrating. Charles is so focused on his spreadsheets and his weird P&Ls that he won't even look up at me, and he can't even bring himself to guess what his wife is looking for. He keeps getting drawn into the weeds, not realizing that the weeds are the problem. When I press him, suddenly they both start to tell me the truth—the actual truth.

Do you think that this is going to address what she wants to know?

Charles: I don't know. Ashley, what are you thinking?

Ramit Sethi: That's a good question, Charles. Keep going.

Charles: I want to know what you're thinking because I want to show you where that money is going, that I'm not taking it anywhere.

Ashley: But we have a brokerage account together, a joint account, and it's been sitting there doing nothing. That money, you're watching it grow. I don't see it grow. I had no idea you were putting that money into an E*TRADE account. And my heart is—

Charles: I didn't set up that account. That's a company account that was set up by my company.

Ramit Sethi: Can I just make an observation here, just point out what I'm seeing?

Charles: Mm-hmm.

Ramit Sethi: Ashley is frustrated because you both make \$530,000 plus, but you're in the red. You're having to draw from here and there, there's no communication, and she feels like there's money that's being hidden. And she does have a reason to feel that way. She did discover that you were putting money and secretly paying off credit card debt. Charles, you're saying, "Well, I have this money, but it's an RSU and it's not me creating the account. It's employer-created. And I would rather see that money grow than take it out and pay taxes on it." Am I representing both of your positions here?

Ashley: Yes.

Charles: Yes.

Ramit Sethi: Well, do you see how fucking crazy this is? What the hell is wrong with you two?

Ashley: I feel like he wants to do his deal, and he looks at it as his own money. And I'm sitting over here drowning, begging, like, "Oh, we don't have any money to go to the grocery store."

Ramit Sethi: Charles, she makes a pretty valid point. She can't afford groceries and you got this \$13,000 every quarter or whatever it is being squirreled away in some account that she doesn't even know about. It feels a little unfair, wouldn't you say?

Charles: Yeah.

Ramit Sethi: She doesn't have money to pay for apples. So what is all this compounding matter if your relationship breaks apart because you can't afford 20 bucks at the grocery store? It doesn't make sense to me. What's going on, Charles? Why do you have all this money stuff going here and there? And I don't understand it. Tell me. I want to know your position.

Charles: I want to retire early. And I want to save as much money as possible to be able to retire in seven years. My earning years are probably at their peak right now, and I want to take advantage of that as much as possible and save as much money as possible.

Ramit Sethi: Got it. So you want to sprint as fast as you can, and I'm going to guess that you want to minimize your expenses for the next seven years. Am I reading that right?

Charles: Yes.

Ramit Sethi: And so when you have to pay for skis or Comcast or whatever, how does that feel to you?

Charles: A little bit of a burden, but a necessity.

Ramit Sethi: You feel resentful?

Charles: A little bit, yeah.

Ramit Sethi: Ashley, did you know any of this?

Ashley: No, because I'll tell you why. He goes on extravagant trips with his friends. He goes to Vail and skis and spends a boatload of money. He's been on a ton of ski trips this winter. So I don't see him living the life of scrimping and investing.

Ramit Sethi: You started using my recommended system, a joint account and two separate individual accounts with guilt-free spending. I was happy to hear that, but it seems that you're not doing that anymore. What happened?

Ashley: Charles has decided that he doesn't want to put money in the joint account anymore and I do.

Ramit Sethi: Charles, whenever anyone deviates from my plan, I always get to ask the question, why? Tell me why.

Charles: We got in a big fight about a year or so. I don't know how long it was. And out of that joint account, she liquidated all of the accounts.

Ramit Sethi: What! What happened?

Charles: When she did that it scared me the bejesus like, "Oh, wow, all that money is gone now." And I felt very unsafe in her doing that.

Ramit Sethi: Why did you think she did that?

Charles: That if we got a divorce or got separated, she would take the money and support herself and her kids.

Ramit Sethi: Ashley.

Ashley: Back up just a little bit. When we met, we had no money. We had no savings. We had nothing. And we built up a little bit of money, like \$3,000. We got in a big fight and I told him to leave. And I did it as a knee-jerk reaction because I'd just gotten out of my divorce where I got financially very screwed big time.

I ended up with a lot of debt. So I got scared. In a knee-jerk reaction, I took the \$3,000 and put it in my account for about 6 hours and then I put it back because we had a discussion. I knew it was wrong. And that was not a year ago. That was five years ago when we first moved into the house that we're living in now. So that's what happened.

Ramit Sethi: Okay. So you both have things you've done in the past that have made your partner not trust you?

Ashley: Yes, but that was a long time ago. And I feel like I've proven to him. I don't even think we had that joint account. We've had a joint account. I proved to him over and over and over again. I've never taken any money. I've never done anything like that for five years.

Ramit Sethi: Do you both want to create a joint account?

Ashley: I do.

Ramit Sethi: Charles?

Charles: Yeah, sure.

Ramit Sethi: Okay, so what's stopping the both of you from doing it? You know how.

Charles: But we have a joint account.

Ramit Sethi: Why did you stop?

Charles: Because all this arguing that we kept arguing back and forth.

Ashley: It started with him taking that money. That's when he decided. I feel a little controlled. I feel like it's a control piece.

Ramit Sethi: Yeah.

Ashley: I want everything to be open and honest and transparent, Ramit, but I want validation because so much money has been, I feel, hidden. I want validation to see that that is the right amount.

Ramit Sethi: I mean, the fact is you two didn't even know how much you made. You were off by over \$100,000. So there's a variety of reasons why you're not transparent. Some of that is just pure competence. You two don't know how to calculate your numbers. And some of it is history, deception, and other reasons. Now, transparency will be on the table. That's a given.

Ashley: He doesn't want to.

Ramit Sethi: He'll do it. Charles, would you be open to being transparent?

Charles: Yes.

Ramit Sethi: Done. I will make sure that it's transparent. For all the money you make, over half a million dollars, you don't even know how much you make. You don't know how much you spend. You come in here talking about Comcast, which is the least of your problems, and you have all this complexity of quarterly payments and 401Ks and all this stuff being taken out. Think of what a sixth grader would understand when it comes to money. I'm talking one page. That's the level of simplicity the two of you need to start.

How much do we have? The numbers are quite large. You have \$694,000 of investments. Your savings are \$20,000. That's way too low. But okay, at least it's got a few zeros in it. You have \$135,000 in debt.

Don't worry. We're going to talk about that. The point is, that you have some of these basic numbers out here.

I'd like for you to put them together using the conscious spending plan, single page, and then you two can agree, "Hey. Oh, I didn't know we had 135,000. I thought it was less. Can we double-click on that? Can we learn a little bit more? Let's make sure we both understand it correctly." One of the reasons that there's conflict is that you two don't know what you have.

Ashley: I think that that comes from no desire to want to share. I feel like I'm in the dark. That's how I feel.

Ramit Sethi: Charles seems relatively open, and willing to share. I don't think his style was particularly good, the P&L and all that shit. Even I don't want to look at that. But he seems pretty open in terms of like, "Hey look, here's my paycheck, here's my credit card payments." I don't know. What do you think about that, Ashley?

Ashley: I think I need validation more. Yes, I hear an E*TRADE account, but what does that look like? Why can't you show me that account?

Charles: I showed you the account. I will show you all the accounts.

Ramit Sethi: Watch this. This is not the real question. Open up that E*TRADE account, Charles. Ashley, as he's opening it up, I'm going to talk to you for a second. So you've asked him, "Why won't you show me the E*TRADE account?" I'm going to get him to show you that.

Ashley: Okay.

Ramit Sethi: How do you think that seeing this is going to make you feel?

Ashley: Temporarily probably better, but then tomorrow it could change. I feel like I'm in the dark about our future. Initially, you asked us the question, "How do you feel about money?" And he's excited. And it's because he knows what's going on with everything. He sees that everything is making money. I don't see any of this. What I see is our joint account with a \$0 or a negative amount. And so—

Ramit Sethi: So again, how do you think that this is going to make you feel when you get the exact thing that you asked for?

Ashley: I think it will reassure me, but I want us to be open about all these things in the future. I'm afraid it'll be a temporary thing and then it will go away.

Ramit Sethi: Let's see. Charles.

Charles: Yeah.

Ramit Sethi: Go ahead and share your screen. Talk us through what we see on screen here.

Charles: So these are the total assets that money is coming in. So every time that the assets come in, it's 21,000. We have a current count value of 7,000, a potential benefit of 132,000 for 139. And then I have in this individual account is what I said every year I get to buy stock at a lower price and it gets invested in here. Every time the additional stock comes into my vesting period, it'll start jumping into the potential benefit as soon as I hit certain periods in my work career. So every quarter...

Ramit Sethi: Okay, that's enough. Charles, all those words you just said, what do you think Ashley took away from that?

Charles: Mumbo jumbo.

Ramit Sethi: Exactly. Look at her face. Charles, what's up, man?

Charles: I'll try to keep up.

Ramit Sethi: I do this for a living. Even I don't know what the hell's going on right now. You just spurted a million numbers at me. Charles, you are not addressing what she wants to know. What is she asking?

Charles: Ashley, what are you looking for?

Ashley: Security and awareness of our money and feeling of "our money" instead of mine and yours.

Charles: I can show you these numbers every month and we can talk about it. I'm happy to do that if you want to do that on a monthly or quarterly basis. I'm just saying that that money is there and it's growing. It's growing for us. And I can show you that the money is going there from the paycheck. I want to make you feel safe and secure as it relates to the money situation. And I get caught up in what Ramit had said earlier that I do start spitting out numbers and it may sound like mumbo jumbo to you.

Ramit Sethi: It is mumbo jumbo, Charles, because you're not addressing what she wants to know. Which is what?

Charles: Where the money is and that she's part of the decision-making process.

Ramit Sethi: Yeah. So how do you show that, Charles?

Charles: I don't know, Ramit. I'm trying the best that I can. I think that how I explain it would be best to explain it, but I think—

Ramit Sethi: Maybe it's not about explaining. Charles, maybe it's not about explaining. Let me ask my question again. Notice my use of words. How do you show her that you're doing this together? You're stuck?

Charles: Yeah.

Ramit Sethi: Okay. Let me give you a hint. What was the thing that she is most frustrated about when it comes to our money? There's one specific moment. How does it manifest?

Charles: Yeah.

Ramit Sethi: Is it at the grocery store?

Charles: Yeah, there's no money in advance.

Ramit Sethi: What would go a long way in showing her that you're doing this together?

Charles: Jointly, putting money into a joint account. The money is there.

Ramit Sethi: Yeah. And even saying, let me give you an example, "Ashley, I know it must be frustrating to go to the grocery store and not have enough money in the account to buy groceries. And it seems crazy."

We're making over half a million dollars a year. Something's not working right. If you go there and you feel like there's no money in the account. So I want to agree with you so that you never feel that way again so that you feel safe." Let me pause right there.

Ashley: I'm already crying. You haven't even said it. It makes me feel—I don't want to feel that way ever again. And you take that away sounds amazing.

Ramit Sethi: Why are you crying?

Ashley: I think it's really hard. I feel

Ashley: I want to say insecure, but I feel like a failure. When I can't buy food for the kids it's the worst feeling in the world. I feel like we are poor and we have no money. And I want I don't want that. I want to be able to have a wonderful life for our kids and be able to do something simple, like go to the grocery store and buy groceries or pay a bill or buy them clothes. I can't even Venmo money to them when they're out and about asking for food when they're not with us, but when they're with their friends. I can't even do that because there's no cash.

Ramit Sethi: So, Charles, hearing this, what does it make you realize? Anything?

Charles: I feel terrible. I feel like there's mismanagement of funds and I don't want her to feel that way and our kids to feel that way. I feel horrible.

Ramit Sethi: So, Charles, when I spoke to Ashley that way, what did you notice about the way that I approached it?

Charles: You were curious, trying to understand and listen.

Ramit Sethi: I'm sure she's talked about the grocery store example many times in the past, right?

Charles: Yes.

Ramit Sethi: And yet when you're listening, you can pick up on it in 15 minutes. People, especially the people you love when they whisper something, a great author said, treat it like a scream. If they say something once or twice, treat it like they're screaming it in your face. If your wife or your husband says, "I don't like going to the grocery store and not knowing I have enough," that's a red flag, a red alert. Let's fix it. I love you. And how do you want to fix that? I would like for the two of you to come up with a solution together. So I'm going to sit back and listen to you.

Charles: Ashley, I would like to create a joint budget monthly from that 90% of the money that comes into our joint account monthly, and we stick to it. That would give us adequate money for all our expenses and especially food bills. Then we don't have to have this conversation so that you don't ever have to feel that way.

Ashley: It would be awesome and I am down with talking about all this stuff together. I really would like that. I want to be on the same page with you. And if you think that I'm spending too much money at the market, then I want to have a conversation about it. So it's just I would love to do that. I want to know about it. It makes me feel secure if I know what's going on.

Charles: So let's agree to sit down and create a budget that we both agree on and be open and transparent like you said.

Ramit Sethi: That was awesome. I love seeing the two of you unified. And I like that it's a simple example—groceries. Let's start there. Simple. And then it can become increasingly more complex as you build those skills.

It's demoralizing to know that you make hundreds of thousands of dollars a year, and yet you can't pay your grocery bill. Now, luckily, their income is so high that once Charles and Ashley shift their focus, they'll start to see things fall into place almost immediately. Surprisingly enough, once I open up the conversation around the joint account and shared expenses, you'll hear them start to agree and collaborate on a plan.

This is the magic of a conscious spending plan. By getting everyone in one sheet, you can move past the mechanics and focus on where you want your money to go.

So let's just be hypothetical about this for a second. I'm not going to ask you to commit to changing anything about your joint setup. But if you were to create a joint account and each of you contributed to it, how would you decide how much you'd put in there?

Ashley: I would like to put all of our accounts except for a decided amount of sum of money.

Ramit Sethi: How much? Tell me.

Ashley: \$1,000 a month to spend on how we choose.

Ramit Sethi: Great. That is your proposal. Charles, what's your proposal?

Charles: 90%.

Ramit Sethi: Wow. So one of you says \$1000 and the other says 90% and then 10% is for fun money.

Charles: Yes.

Ramit Sethi: You're pretty close. Do you realize that?

Charles: No.

Ramit Sethi: That's close.

Ashley: Did we disagree on something? Wait a second.

Ramit Sethi: It's pretty amazing. I'm really happy to hear that. Okay, that's cool. So let's conclude right now. Go ahead and have the discussion. One of you says 1,000 each. One of you says 10% each. Talk about it.

Charles: I propose 90/10. Would you be okay with that?

Ashley: Yes, I would be okay with that. I would feel like we were working together instead of working against each other.

Charles: Can I go above and beyond that and say we have to create a plan for that 90% monthly and stick to it?

Ashley: Absolutely. I would love to do that with you. That's what I want. That's what I've been asking, is to work with you and be partners in this. And I would like to be a part of that plan and make some decisions as well.

Ramit Sethi: Okay. Great. Hey, a round of applause for everybody here. Everybody give yourself a round of applause. I'm not kidding. It's sometimes important to do something a little theatrical. And that was cool. You just came to a huge conclusion. Let's take the win.

Ashley: Yeah.

Ramit Sethi: That's cool. It started with, like, we're up in the clouds, and here we go; 90% joint. That's awesome. And 10% to yourself is also very cool. Now I want to get a little bit more specific. So when we say 90/10, what exactly does that mean?

Charles: Take home. That's money that comes in from—like I get paid from ADP, so I can easily do that 90/10 split.

Ramit Sethi: Ashley.

Ashley: I don't have that option through my paycheck, so I would have to manually do it.

Charles: So I would propose all the when goes into the joint account and automatically every 1st or 2nd when the money comes in. 10% of that money goes to your personal. Or vice versa, 90% automatically transfers into the budget.

Ashley: So that's our money total, not 10% of my own money. It's 10% of what we put in together.

Charles: Say that again.

Ashley: So it's not 10% of what I'm putting in every month, correct?

Charles: Yeah, it is.

Ashley: It's 10% of the total of what you're putting in and I'm putting in.

Charles: You're saying now that's going to be 20%. So that'll be 10 and 10.

Ashley: Whatever amount of money we put in per month, whatever that looks like, what is that number, Ramit, if you could help?

Ramit Sethi: So I'm going to propose to use simple math. I'm going to propose that for this exercise, Charles, you contribute 4,000 a month to the joint account. And for the example of math here, Ashley, you contribute 1,000 per month.

Charles: Now that's every 15 days.

Ashley: Oh, yeah. So it would be 8,000 per month for you. I'm still confused as to why you're putting in the same amount per month as I am and I make \$135,000.

Charles: I don't think you heard what he said.

Ashley: We're putting in an equal amount of money into the joint account, but you make way more money.

Ramit Sethi: Are you guys ready to listen to me or do you want to just keep doing what you think you know?

Ashley: Yeah, sorry.

Ramit Sethi: Because I don't need to be here.

Ashley: Oh, please, you're helping us.

Ramit Sethi: What simple math do you want to use for this monthly example? I noticed that both of you are covering up the real issues with layers of complexity. Is it 15 days or 30 days? Is it I only get paid for 10 months? Is it gross? Is it net? It's too many variables. I'm just trying to simplify this down so we can actually get the logic and then we can apply it to the numbers. So for this exercise, every month, Charles contributes \$4,000 to the joint account. It's just a made-up number. And Ashley contributes \$1,000. So how do you want to split that up?

Ashley: So it would be 90/10. It would be both of us to put in \$5,000.

Ramit Sethi: No, you don't both put in \$5,000.

Ashley: I mean, total. I put in 1000. He puts in 4,000, 5,000 total. So 90% of that would stay in the account and 10% of that, which would be \$500 would go into our accounts.

Ramit Sethi: Okay. So that's your proposal. You take 10%, you split it in half, and each of you gets that same amount. Charles, I'm willing to bet you have a different perspective.

Charles: I'm okay with that.

Ramit Sethi: Really?

Charles: Yeah, I want to keep it simple.

Ramit Sethi: Great. Love hearing that. I'm going to lock that in and I'll take the win on that one too. Let me just explain what happened so that you don't feel bamboozled. Typically we talk about spending money proportionately. So if somebody makes more, they pay more towards the joint expenses. That's typically pretty fair. Well, also, you might apply that to how much percentage they take out. If Charles is making four times the amount, then his discretionary income might be four times higher than yours, Ashley. That would be fair.

Charles: I'm good with that.

Ramit Sethi: I'm sure you're good with that, Charles. But I think what Charles has generously just agreed to is, "No, I'm cool doing 50/50." And what that means is it reduces the amount that Charles gets for his discretionary income, and it increases the amount that you get, Ashley, for your discretionary income. So it's quite generous of Charles. And fair is just a word, fair is what the two of you decide it is. I just want to point out that I think Charles is pretty generous to offer that. It would be nice maybe to acknowledge that he's doing something generous.

Ashley: Yeah, thank you. I'm surprised. It's a nice surprise. Thank you for being generous.

Charles: You're welcome.

Ramit Sethi: Awesome. Okay, great. So to simplify and summarize, Charles contributes 4,000 a month, actually contributes \$1,000 a month. You have \$5,000 in your joint account and you will each take 5% of that money. And it goes 5% to Ashley, 5% to Charles. Do we all agree?

Charles: In theory, yes.

Ashley: In theory.

Ramit Sethi: In theory, yes. Fine. That's all I want. Perfect. Okay, good. Perfect. Have you heard the phrase "Don't let perfect be the enemy of good."? That's what Ashley and Charles have been doing for years, and it's almost driving them to divorce. They are so obsessed with getting all their numbers perfect that they never even pull out a sheet of paper and a crayon and just write down the important ones.

And Charles especially is living in the weeds, all these complicated factors preventing him from just saying, let's simplify things. How much do we make? How much do we spend? How do we want to contribute to our joint expenses? In my book, *I Will Teach You to Be Rich*, I talk about the 85% principle. It's better to get 85% of the way there than to dream about getting 100% of the way there and do nothing. I think we've established that you both have a vision, you both want transparency, you both want to be open, and you have some desires that you should probably talk more about, early retirement, etc. I'm looking at these expenses and I just want to probe on a few things. So you have a \$3,800 a month rent or mortgage, which is quite good. It's great, very good. One of the best things I can see from a single individual or a couple is underspending on their housing. And you two are doing an awesome job. So well done.

Ashley: Thank you.

Ramit Sethi: I love seeing people make strategic decisions like that. You have a car payment of \$475. Is that one car?

Charles: That's one car, yeah.

Ramit Sethi: You have \$10,000 of debt payments per month. What's this?

Ashley: That is for the credit card.

Charles: So that's the credit cards that we're using for the expenses.

Ramit Sethi: You pay it off every month?

Ashley: Yeah.

Ashley: I don't.

Ramit Sethi: Ah. Shall we talk about this?

Charles: Yes.

Ashley: Yes. We had this conversation before.

Ramit Sethi: Okay. Tell me.

Ashley: I was carrying a balance and so I finally took some savings that we had, and I just paid it all off because I can't deal with that credit card.

Ramit Sethi: No more of this. It's just bad money management. You cannot be drawing from savings to pay off credit cards when you're making \$530,000. It makes no sense. So you made the mistake once. Fine. It's not going to destroy the two of you. What's better is that the two of you are now psychologically aligned and structurally you'll get your conscious spending plan all set up and get it all together. Now that you have 90% of your income going to a joint, is paying this credit card bill every single month in full going to be a problem?

Ashley: Not for me, no.

Ramit Sethi: Not for either of you. You two are a team now.

Ashley: Yes.

Charles: Okay.

Ramit Sethi: What's up with this debt that says \$135,000?

Charles: That's our school loans.

Ramit Sethi: You're going to need to add that to your conscious spending plan as a fixed cost. I would like to hear your initial gut take on how you want to start paying this debt off. Where does it come from?

Ashley: I would like to have it considered a bill from the joint.

Ramit Sethi: Charles.

Charles: I was just going to take my RSUs and then pay off that debt.

Ramit Sethi: Not anymore. That's not how it works. Remember, you can't be doing all these side-band things. It's going to screw up your entire trust system here.

Charles: I hate that. I want to get that off.

Ramit Sethi: That's fine. Listen, if you hate it, like I said, some people hate debt, but you have to respect the system. You cannot go around it because that is exactly what got you into this trouble here. I'm going to go and take the secret money and secretly pay it off and then not tell you about it. So what is a better way? Do you want to pay off this debt aggressively?

Ashley: I would prefer not to use the RSUs because we would have to pay capital gains and I would rather make monthly payments if possible. Do you know what the monthly payments will be?

Charles: Yeah, I think it was calculated like 1,200 or something like that.

Ramit Sethi: It's not that much for you guys.

Charles: That seems like a lot to me.

Ramit Sethi: Well, it seems like a lot because you don't know any of your numbers here. Let me zoom out and allow you to hear some different numbers. You two make \$530,000 a year. Do you think paying 15,000 bucks a year is a lot? It's not. It's nothing. Come on. You have a lot of money.

Listen, rich people like you two have a lot of money sitting under their couch cushions, 10,000 here, 50,000 over there. It's exactly. We already found all this money sitting around. There's a lot of money to be found in actually looking at what you are spending and how your money is flowing and you could direct it to your debt. It's not hard. Are you on board with me so far? Am I just speaking crazy?

Ashley: No.

Charles: No, I'm understanding what you're saying.

Ramit Sethi: I don't know if he gets it or not, but let me clarify what's going on here. Like a lot of people, Charles hates debt. That's fine. It's a stylistic choice with money that usually manifests itself by people paying off their debt early, even if it's not the mathematically correct decision. For example, if I had a 30-year mortgage with a 2.7% interest rate, I would never, ever pay it off early. That's because I know I can make around 8% in the stock market.

So if I could, I would stretch that damn loan until I was sitting in a rocking chair and invest the difference so I could make more. Just kidding. Indian people don't get rocking chairs. Again, that's fine. Some people don't mind debt. Other people hate it. Somebody like Charles would pay that debt off early just so he could feel better. And that's fine. You don't always have to make the mathematically correct decision. You want to make the right one for you.

But the problem is virtually nobody runs the numbers. Instead, they let their feelings dictate what they do, "I hate debt. I need to pay this off. Haha." Stop it. If those same people sat down and ran the numbers for five minutes, they might discover they're losing \$75,000 by paying off their mortgage early.

In Charles's case, he's also losing the trust of his wife by doing all this secret stuff on the side. It's like dealing with some emo teenager. I don't know if this metaphor is making any sense at all, but, Charles, stop doing this shit. Run the numbers. There's a lot of things that you've both agreed to. Simplifying your money. 90/10, that is huge. Never worry about how much you have at the grocery store. These are big, big moves. You want to get on the same page. You want your money to be working together. Simple as that.

Let's just check this and move on to the next stuff, because we have a lot more important stuff than all this weird stuff about, should we wait on the debt and this and that? No. Put it in the fixed category in your conscious spending plan. Set up a number every month and it's drawn directly from your joint account, which is going to be loaded with cash. What's the smile on your face, Ashley?

Ashley: I like hearing that.

Ramit Sethi: Simple. Let's get decisive. Yeah, I love the smile on both of your faces. And then you'll notice that the conscious spending plan automatically adds 15%. Did you see that?

Ashley: Mm-hmm.

Ramit Sethi: How'd that feel to see?

Ashley: It was a large amount number. It was like something else, another layer on top of the budget.

Ramit Sethi: That's right.

Ashley: But it makes sense.

Ramit Sethi: Yeah, for you, it's \$3,000, which is a considerable amount, but you spend a lot. And that 15% accounts for that anniversary dinner that you forgot to put in here. It accounts for that last-minute trip

that you had to take and you could not find a cheap flight. It accounts for all of those things—when your car breaks down, all of it. Also, let's not forget about the income. The two of you forgot your income was down by \$10,000 per month. So that's a relief. Like I said, 10,000 here, 10,000 there starts to add up, right?

Charles: Yes.

Ramit Sethi: So you are in a fairly good position. Not fairly good. The two of you are fucking rich. What am I talking about? You make over half a million dollars a year. Let's not kid ourselves. Hey, do you two know that you're rich?

Charles: No.

Ashley: No.

Ramit Sethi: Well, you are. You two make 530,000 a year. You are rich. You're wealthy. You better accept it.

Ashley: No.

Ramit Sethi: You're not accepting it.

Ashley: It's hard to accept.

Ramit Sethi: Why?

Charles: I feel it could all go away. I'm trying to make sure it doesn't.

Ramit Sethi: It can't go away. I mean, you have hundreds of thousands of dollars invested and you have savings. Well, your savings is not good, but your investments are quite large. Both of you have good incomes. So even if one of your incomes went away, you still have another income. Nothing like spending valuable time convincing two wealthy people that they're wealthy. I'm like, "What planet am I on right now? What am I doing here?" Do you guys want to spend your whole life playing defense?

Charles: No, absolutely not.

Ashley: No, I know. I feel like that's where we've been playing, though.

Ramit Sethi: Sitting here arguing about Comcast, such a waste of time. That's a \$3 question, literally. To the two of you, it's a \$3 question.

Ashley: How do you get past that, Ramit? So how do you shift? How do you make that shift?

Charles: Now, what's that psychological shift?

Ramit Sethi: What changes your money psychology is that the two of you do not have a rich life vision together. Do you want to create one right now?

Charles: Sure.

Ashley: Yes.

Ramit Sethi: All right, what is your rich life?

Charles: I would like to live in three cities, so where we live now, Newport Beach, Keystone, Colorado, and New York City. I'd like to rotate between all three of them based on what we are doing and how we want to visit our kids while they're in college or wherever they're living for us to visit them.

Ramit Sethi: What about on a given week? Right now, not 10 years from now, now. What is your rich life on a perfect week?

Charles: I don't know because I'm constantly working. I feel I can't answer that right now.

Ramit Sethi: So in other words, you want to wait for seven magical years, and at the end of those seven years, magically, you're going to be able to breathe and then figure out what you want to do with the rest of your life. How old will you be at that time?

Charles: 57.

Ramit Sethi: That sounds like a shitty plan to me. You want to be almost 60 and then decide, "Hmm, what do I want to do?" Do you know anybody who's 60 years old?

Charles: Yes.

Ramit Sethi: Some people in good health, right?

Charles: Yeah.

Ramit Sethi: Some people are in not-so-good health.

Charles: Yes.

Ramit Sethi: I think we've all heard stories about people who had grand plans to hike this and that and two weeks after they retire, they die.

Ashley: Yes, he has a lot.

Ramit Sethi: Yeah. It doesn't sound like a great plan.

Charles: I guess I got a better answer for that. I'd like to travel as much as we can afford with my wife and our kids.

Ramit Sethi: Tell me more.

Charles: Easy for us to get away every other week like we used to. The closest is about 2 hours we can drive to or we can fly to you for an hour somewhere to get to and spend quality time doing things that we want to do and spending as much time doing as much things with the kids as we possibly can.

Ramit Sethi: So traveling twice a month?

Charles: Yeah.

Ramit Sethi: Perfect. All right. Ashley, your rich life.

Ashley: My life is similar to Charles'. I love to travel. We love to play golf see new places and try new restaurants. I'm a big food person, so I would love to be able to do those things without guilt. We have one kid in college. Go out and see him. So that would be my rich life today.

Ramit Sethi: Not later, but bigger. What's bigger than every two weeks with the kids?

Ashley: I want to be a professor when I retire. [inaudible 01:05:59] too.

Ashley: So I want to continue to be a life learner and have an income and make a difference in the world. I own a company too and I want to continue with that. So be an online professor and run the business from home. So we can do what he said.

Ramit Sethi: Awesome. This sounds like a very rich vision.

Ashley: Wow.

Ramit Sethi: How are you feeling right now, Ashley?

Ashley: I am feeling hopeful for the first time in a very long time. And I'm excited for the first time in a long time.

Ramit Sethi: Why is that? What happened to you today?

Ashley: I wasn't sure it was fixable. And what I've learned today is that we do want similar things and we can work together. And it will no longer be yours and mine. It'll be us. And so I'm hopeful, very hopeful.

Ramit Sethi: Charles, what about you?

Charles: You know, I came in extremely nervous, a little afraid. But what it gave me is the ability to now feel that we can create that vision and strategy together. And the minuscule details that you talked about that we're finding out are just meaningless. And they should go away pretty quickly by aligning our vision and strategy and going through these exercises together.

Ramit Sethi: How are both of you feeling right now?

Charles: Perhaps better than when I started.

Ashley: Yeah, it feels nice to not be yelling and arguing over these things. How did you turn that around in two hours? We've been working on it for five years.

Ramit Sethi: What stood out to me most about Charles and Ashley is what a tragedy it is to allow yourselves to fight over money when you have more than enough all because they were allowing this complication in their life, KSOs, RSUs, all this money to simply go unaddressed. And what I did with them is to simplify it.

My role is not to get every last decimal place perfect. My role is to simply get them to understand the basics of their money. And here's what happened. I received a follow-up from Charles and Ashley after I spoke with them. Here's what Ashley wrote, "Charles and I had a great conversation about this over Sushi last night. I have regained hope after five years. We've been working on our CSP and completed

the first tab with our actual numbers. It took us a little while to comb through everything. We did it without an argument." This is progress.

They were also able to take their fixed costs from 86% to 63% just by getting a clear picture of where their money was going and then re-categorizing appropriately. The conscious spending plan is an amazing tool to get on the same page with your partner about money, or if you're single, to finally understand where your money is going.

Podcast Episode 48: My husband needs a better job, but he hates the idea of earning more

Synopsis: Kara and Sean make \$150k annually, with \$100k of that coming from Kara's salary in healthcare. They have a baby daughter, and Kara would like to take a step back in her career in order to spend more time with her. The problem is, Sean's happily (and hopelessly) stuck in a dead-end job. What do you do when one partner is passive when it comes to money? It's so easy to make things personal, to escalate and unravel, but I steer this conversation to the numbers—where it's illustrated, plain as day, what Sean needs to do.

But will he see it? And if he does, will he actually make any changes? Let's see if I can get Sean to start dreaming bigger.

Podcast Transcript:

Ramit Sethi: Kara and Sean make \$150,000 together. She makes \$100,000 and he makes 50,000. They've been married for five years. They're new parents, and they are frustrated with money. Well, Kara, is frustrated that Sean has been stuck at a job for the past five years with no path to a promotion. And when I asked Sean about it, he just sounded apathetic. He's passive. And he doesn't take ownership of his career. When Kara tries to talk to him about it, he avoids it.

Honestly, this was a frustrating episode for me. I don't mind people who are in financial trouble. And I know that very few of us learned this stuff as we were growing up. But the one thing I can't take is being passive with your life. And if you come to my show to talk to me, I expect you to have questions. I expect you to take ownership. So today at one point, I lost it with both of them. I want to help Kara and Sean, but I can't do it for them. I want you to listen in to hear what happens. And of course, there will be a follow-up at the end.

By the way, when we start talking about their numbers, you're going to hear where their income is going. Before they came on the show, I had them fill out a conscious spending plan. I'm Ramit Sethi. And this is I Will Teach You To Be Rich.

Kara, what is the time in the last month or two when you did not feel on the same financial page as Sean?

Kara: This week. So we just bought a house in March. And we finally moved all our stuff over. And we have a little bit of extra space. And our front entry room is probably the best part of the house. The rest of the house needs some work. So I want to make it look nice. And I don't expect to go to West Elm and buy a brand new couch, but what I will do is look on the Facebook marketplace. And so I found one that is in good condition that will look perfect in our living room. It usually retails for \$1,400. And so I talked the person down to 700. And Sean was like, wow, that's a lot of money for a couch.

Ramit Sethi: Sean, when you heard Kara suggesting getting a \$700 couch, what was the first thing you said to her?

Sean: Probably like, "Do we need that right this minute?" I think the biggest difference between us is not, though we both agree we want a couch, for Kara, the excitement is all of the detail that she just gave you about the couch, about how much she saved, about how it's a bargain, about how she thinks it'll save us money in the long term. And I'm on board for all of that. I just hear, oh, it's \$700. And we still have several other, in my opinion, more important things to pay for at this exact moment.

Ramit Sethi: How do you both usually decide this? What's the pattern that emerges?

Kara: Usually I'm the one who finds it and then I pitch it to him. And Sean usually actually goes with it. I'm mostly the one doing the research and whatnot.

Ramit Sethi: If we had to name these two characters, what would you name them?

Kara: Kara's the spender, the one who is more high maintenance and wants nicer things. And Sean's the laid-back guy who can roll with anything but well, I don't know.

Ramit Sethi: Interesting choice of words. Sean, what would you say if you were going to name the two characters involved?

Sean: Kara is the one that wants to spend. Yeah.

Ramit Sethi: Kara's the spender and what are you?

Sean: The saver, I guess, or the skimpy one.

Kara: You don't save though.

Ramit Sethi: What does he do?

Sean: Sir, status quo I guess is more me.

Kara: Your check pretty much goes to our mortgage and you buy coffee and beer, and that's about it. And then I figure out the rest of it.

Ramit Sethi: Okay, hold on a second. We're going to get to that. But I want to stick to this. So if Kara is the spender, then what are you?

Sean: I don't know. I'm not the final decision. I'm the safety valve, I guess. Mostly we're going to agree. Mostly her ideas are good. But every once in a while, there's one that we don't need to pursue.

Ramit Sethi: Have you ever thought about the roles that you and your partner play when it comes to money decisions? I hear this phrase a lot, for example, "I make day-to-day money decisions, but my husband makes the big decisions." Or "I'm the spender. She's the saver." Or "We're both just pretty laid back." By the way, when people say this, they never actually are. Each of these has its issues. For example, if one person makes the big money decisions, what happens when that person dies? Will the other partner know how to handle the complexity of money? And I want you to think about this. What roles in your relationship did you just passively accept? Which roles mirror the roles your parents played? And even what would it look like if you reversed those roles? Have this discussion with your partner? And when you do, here's the suggestion. Name the roles. Maybe you are the spender, the saver, the cautionary person, the warrior, whatever it is, name that. Be vivid. And then ask yourself, if we could change those roles, what would they be? Did you guys get that couch?

Kara: I'm still messaging with the girl.

Ramit Sethi: Okay, so that's a no. So can I just play this out again? All right, let's see if this sounds right. Kara comes up. She's like, "We should get this thing and it has all these cool features. I want us to spend \$700." Kara is the spender as you put it. Do we agree?

Sean: Yes.

Ramit Sethi: And then Sean's reaction is, "I don't know about that. What about the plumbing?" How would you describe that?

Sean: Palmer?

Ramit Sethi: Yes, keep going.

Sean: Practical.

Ramit Sethi: Don't give yourself undue credit. That's not being practical.

Sean: Fair enough.

Ramit Sethi: Listen to my tone, "Eeeh, I don't know." You didn't offer an alternative, did you? You didn't say, "Well, you know what? That's an interesting couch. But I think that I'm going to look into three other couches and find something at 50% off of that price." You didn't do that? Did you?

Sean: No.

Ramit Sethi: Yeah. So you're not practical. And it's not that. What is it? Kara, feel free to chime in here.

Kara: He's indecisive.

Ramit Sethi: I think it's just a wet blanket. Do you guys know what that is?

Sean: Oh, yeah.

Ramit Sethi: Just eh, some eyo type shit. Aghhh. I haven't watched that eyo stuff in a long time. But I imagine that sound eyo makes. I don't mind if you disagree on the couch. I don't mind that at all. We haven't even looked at your numbers to see if you can afford it.

Notice how patterns that appear in money also appear in other parts of relationships. I've noticed that a lot of people try to compartmentalize their feelings about money by saying oh, well, that's just my finances. I just feel nervous about my finances. But the way you treat money often seeps into other areas of your life. And this is why changing the way you treat money can be hard because it often cuts to the very core of who you are, and how you look at the world. Kara, go ahead. Looks like you just had an idea.

Kara: I feel like the leader, the one who creates the dreams. And then he just goes with it and has no input.

Ramit Sethi: Describe that in a word.

Kara: Careless?

Ramit Sethi: Careless, okay. What does that mean?

Sean: For you or me?

Kara: It doesn't matter to you.

Ramit Sethi: Is that fair?

Sean: That nothing matters to me? No, no, that's not fair.

Ramit Sethi: What would you say instead? If she's the leader, what would you describe yourself as?

Sean: I'm more of a one-day to one-week at a time kind of person. Just manage one week's worth of routine or challenges at a time. Happy-go-lucky is probably too generous, but content to live out one week at a time. And if there are dreams that Kara has, let's see if we can make them happen as long as they make sense with everything else we get going on. But definitely, I am not good at long-term things. That is a growth area for me, trying to get better at long-term planning, which is something we talk about whether it's finances or anything else.

Ramit Sethi: Okay. That's perceptive. Do you know why I just spent so much time on this?

Kara: Why?

Ramit Sethi: Because it's not about the couch. I bet you, we could come up with five other examples where this same dynamic played out.

Sean: I think that's fair for some of our further in the past interactions. I think the recent vacation trip we took that you planned, I was excited about that. You found great deals. We jumped all over it. We made it happen. That was still definitely you leading, but it was less wet blanket.

Kara: Yeah, but I don't think it would have happened if I didn't do it. That's the thing. I was the one who pitched it. We're so connected on those trips. And then we come home and you go back to work, and you get in the zone. And I feel like our relationship goes off to the side. I have to be the one to always dream and keep that going. And I guess that's a lot of pressure on me for the rest of our marriage. So it would be nice if a few thoughts and dreams for our family would make me feel like desired and special. I've tried to tell you that.

I was frustrated. Say, if we were supposed to go to a wedding for my friend, she's unfortunately sick, it has to be canceled, we had a babysitter and everything lined up. So Sean calls me and he's like, oh, do you want to go on a date? And inside I'm like, oh my gosh, he's doing it. He's planning something for us. And he's like, I want to go see Dr. Strange too. And I was like, okay, that's definitely more of a him thing, but I like Marvel, too. But he's like, "Well, then we can make it home for bedtime." And inside I got really upset. That's all for him. We're not even connecting when we go to the movie. And I'm really easy to please. I love most restaurants and stuff. So I feel like it's not that hard to step up.

Ramit Sethi: It must be frustrating.

Kara: Yeah.

Ramit Sethi: I'm having a little fun with them. But what I'm trying to do is shake them out of their patterns. They've never even named their roles. They've never even thought about them. And when they do, you notice that they come up with the same predictable answers that almost everybody else does. "I'm practical." "No, actually you're not practical. If you were practical, you wouldn't be talking to me." So what I'm doing here is I'm intentionally painting an exaggerated picture with this idea of eyo and his weird dying sound also that sticks in their head. And hopefully, it's going to get them, especially Sean, thinking.

Sean: I am on board with trying to make Kara happy as much as I possibly can. And admittedly there are some times when I can probably step into more of taking turns being leaders on certain decisions.

Ramit Sethi: But why here? Why not a couples therapist? Why not a group coaching? Why this? We're talking about money. The name of the podcast is I Will Teach You To Be Rich. Why this?

Sean: We're trying to do a lot better with our investments, with setting our daughter up for future success. Once we had a kid, I think that changed both of our perspectives a lot on it's not just, can we have fun this month? Can we stop renting a house? Can you buy a house instead? And now it's okay, well, we need to make sure we can send her to college, if at all possible if that's what she wants to do.

Ramit Sethi: How old is your daughter?

Sean: 10 months.

Ramit Sethi: Did you catch that? That deep invisible script? "We had a kid. So now we have to start thinking about buying a house and paying for her college and not having fun anymore." No wonder people hate money. It just sounds like such a downer.

Kara: You've helped me identify what my rich life would be. And I tried to have these conversations with Sean. And I asked him if he couldn't come up with anything other than like, oh, well, I like what I do for my job. But I was like, your rich life, you're not with your family a lot. I'm like, what's going on?

Ramit Sethi: And I can see that you're wiping away tears?

Kara: Yeah.

Ramit Sethi: Did you expect this call to be that emotional?

Kara: No.

Ramit Sethi: It's okay that it is. It's normal.

Here's what I think is going on so far. Kara is well versed in the philosophy of I Will Teach You To Be Rich. She uses phrases like "rich life." And she's the one, of course, who asked to come on this podcast. I think she realizes that money is just a symptom of larger problems. So as they're talking about that frustrating date night, seems like she realizes the enormity of the challenge they're facing.

It's not a simple budget change that they need here. What's interesting to me is that people cling to the idea of numbers. People hate numbers. And they usually don't know their numbers. But funny enough, they believe the magical solution to their financial problems is found somewhere in the numbers if somebody like me would just show them how to calculate things right. I'm going to start with their finances now. But you and I both know the answer probably isn't in the numbers. It's in the two of them. What is your household income combined?

Kara: About 150,000.

Sean: Yeah, around there.

Ramit Sethi: And how do you feel about the money that you make?

Kara: Pretty good. I mean, in this market we are probably pretty average.

Ramit Sethi: So you feel pretty good. Okay, you don't worry about money?

Kara: I do. I get frustrated. I'm a nurse and I work full-time. I feel like I'm at the point where I am making the most money. And then it's just a really difficult profession. So I don't burn out. I want to cut back on hours. And usually, normally, partners will continue to rise, and then they have a plan. And so I guess it would be nice if I could drop a little bit and have some pressure taken off and have him try and plan to move off or make changes, but I feel like he's stuck unless he makes a career change.

Ramit Sethi: What's the breakdown in incomes? Out of 150 who makes what?

Kara: I make about \$100,000. And he makes 50.

Sean: A little over 50.

Ramit Sethi: Okay, great. Sean, how do you feel about your financial situation?

Sean: Now that we have a mortgage kicking in, a little less comfortable. But for the most part, it's never bothered me that Kara was a bigger earner than I was. I don't get any masculine pride out of that or not. With my particular role, eight, nine years that I've been doing it, I am getting to a burnout point as Kara described. And so I have quietly applied for other positions pretty much annually, sometimes semi-annually, depending on what comes up, and I just haven't gotten anything else.

So those are all applications to similar roles, just in different places that would pay a little bit more. So she's right, short of a total career shift. Unless some of those jobs start calling me back, I don't have a huge potential for a salary increase, so butting up against the glass ceiling. That is actually what I thought we might talk about a little bit today is just like, okay, well, I knew she was going to tell me I need to change jobs and get my shit together and move on.

Ramit Sethi: But if I told you that, would it mean anything to you?

Sean: I think so, yeah, because it means something to me when Kara says it too. I have been looking for new roles. I have applied to larger companies for similar positions, and even if it's a lateral move, it's still more salary.

Ramit Sethi: Kara, you just rolled your eyes.

Kara: I'm the one who is looking for these jobs for him, which makes me sound like a crazy person, like a crazy wife. But I'm just so desperate to know that there's something more waiting for us and that I can finally relax.

Ramit Sethi: Sean. Sean, you're shaking your head there.

Sean: I don't agree with that. She has been great about being proactive and sharing things that she finds on little Glassdoor, recommendations, or whatever. But I have my alerts set up and I apply for those too. It's just, I think, probably time for me to decide whether I want to commit to shifting careers entirely, or...

Kara: Yeah, but I feel like I have to be the force to do it.

Ramit Sethi: Because if you don't, then what happens?

Kara: We're stagnant. We're stuck. There's no moving upward. He was making the federal minimum, but he was working 60 hours for the small university. And they didn't even give him a 401k. And we were like, 24, 25 and I was like, "Babe, that's kind of important." He's like, "Well, but my boss says that we can go to his cabin in Big Bear." And I'm like...

Ramit Sethi: Let's talk about that 401k cabin example. I can understand the frustration of Kara. She goes, "Hey, that's important." He responds with the cabin example, which is code for, "I don't want to think about that right now because deep down I know you're probably right. And it makes me feel embarrassed not to know this." Now, the wrong way to handle this is to point a finger and say, "Hey, a 401k is important, seriously."

I find that if you have to say the word seriously, you've already lost. And this is where a rich life vision can be very helpful. Instead of starting by talking about what the other person should do, you start by designing a vision of your rich lives together, you get crystal clear on it, you get excited about it, and then, and only then do you start using the puzzle pieces of your money to match up with your rich life vision. Years later, you can look back and laugh about that 401k conversation. And you can smile about the conversations you had that were worth hundreds of thousands of dollars, and you'll never have to fight over a \$700 couch again. This is the crux of how you use money to create a rich life. I'll be talking more about this in my upcoming programs. So be sure that you're following me on social media and my newsletter. Now back to Sean, I wanted to know where his apathy for money comes from. He tells me that he grew up poor in the rural Midwest, and then he moved to Southern California at the age of 10. What things surprised you about money culture in Southern California versus the Midwest?

Sean: It's a lot more talked about. It's way more in your face. It's a status symbol.

Ramit Sethi: Like what?

Sean: I mean, growing up, for my first decade and a half it didn't matter. As long as you're happy and content with what you have, no one's comparing too much. But you get to SoCal at that time, maybe it's just the kids, maybe it is a coastal elitism thing, but I guess that at the time, I did not see a way to catch up. And rather than feel sad or depressed about that, I just decided I'm not going to be disappointed, but I also I'm also going to just lower my expectations for now.

Ramit Sethi: Thank you for that. Another way that I would look at it is, "I knew that I was never going to be able to catch up. So I opted out of the game altogether." Would that be fair?

Sean: Yeah.

Ramit Sethi: Kara, what do you think about this?

Kara: I feel like he just gave up and stopped believing in himself. He thinks of himself less than other people.

Ramit Sethi: In social psychology, there's a concept called cognitive dissonance. If you hold to different ideas, like, "I'm a hard worker, but I can't ever catch up to these rich Southern California kids," you have to find a way to reduce the dissonance. You could double down and work hard, studying harder to get into college with the belief that your hard work will eventually enable you to make more. Or you could opt out of the game altogether and say, "I can never catch up. And I don't want to play that game anyway."

To make that easier to swallow, you can add on a nice cherry on top saying something like, "Those people who drive nice cars are deeply unhappy inside anyway." Once Sean realized he would never be able to catch up to the Southern California kids with their fancy cars and designer clothes, he decided to just opt out of the game altogether. Instead, he focused on sports. It's not surprising then what he chose to do for a living later in life. Listen, as he describes the field of work that he chose.

And what do we know about the field that you chose to work in, this college athletics field? What do we know about this field as it relates to money?

Sean: People who know the right people are the best at networking, even if they're not the best at the job, they advance and break through the glass ceiling. And everyone else, plenty of other people are willing to do the job. It's the opinion of higher-ups, it seems. So there's a steady workforce of people from behind who are happy to take my job if I burn out or opt out. So you eat shit for as long as you can and hope that you meet the right people and climb the ladder a little bit.

And I guess part of it for me is I've done that for almost a decade. I know it's a sunk cost fallacy in some ways like I've put in all this time. I don't want to give up now, but I like what I do. It feels rewarding. And I feel like I've been in it long enough that I should hopefully be getting a couple of rungs up on the ladder soon enough.

Ramit Sethi: Okay. And have you got promoted in the last couple of years?

Sean: My specific position, there's not a promotion. You're a director, but there's no director of the directors. You get your admin status and you're there.

Ramit Sethi: It seems to me that there's a clear connection between your moving to California and you're choosing this job. Do you see a connection? Kara, you were nodding. Very quickly, go ahead. Tell me.

Kara: Yeah, I think it parallels well. You're similarly talking about your profession like, oh, only the top, top people like the lucky people make it to the top. And then I just hang out here and hope, but it's like, what are you actually— I don't know.

Ramit Sethi: Let me stop you right there because you're about to not do yourself any favors, the route you're going down.

Kara was about to start re-litigating her problems with Sean and I just don't want it. I don't need it. This doesn't mean Kara's a bad person. It's just a groove she's gotten in when she talks about Sean and his career. But this is not the time. Sean is super open. So I want to encourage him, and I want to hear more. The connection that I see is when you moved to California, you felt you could not catch up as you put it, and you chose a safe industry where you had some personal passion, yes, but you wouldn't have to compete and it's safe. You're probably not going to be fired from your job, I'm guessing. It's safe. It's fine. It may not have the highest potential for advancement, but you like it and it's a nice, good job. Do you care about making more money?

Sean: In the sense that it will give Kara peace of mind and provide for our family and long term, yes. In the sense that it gives me an extra happy feeling at the end of the day with a certain number attached to

my name, no. I care more about providing for others than I do about like, I have this next to my name on the pay stub.

Ramit Sethi: So you said, if it makes Kara happy, but Kara told us point blank, she wants you to advance and she's frustrated that you've been at this job. So you're not making her happy by staying at this job.

Sean: Yes, we've had that conversation.

Ramit Sethi: So then make the connection for me, because you said, "I don't care about it for myself. I don't care about the status. But I want to provide and I'll do it if it makes Kara happy." But Kara does not feel provided for and she's not happy.

Sean: I mean, a lot of implied questions at the end of that sentence for you.

Ramit Sethi: Talk to me. Talk to me. Honestly, I'm not here to tell you you're right or wrong. I just want to understand what's going on.

Sean: Fair enough. Kara is currently not as happy as she could be with this role. I've decided to make peace with being in it while I am still applying for other things. And the fact that I do get some emotional satisfaction or personal satisfaction from the kind of work that it probably does cut down on the urgency a little bit as much as anything else.

Ramit Sethi: So you like the job, you're well respected, it's a good job for you, right?

Sean: Yeah, just the paycheck isn't, and the return on hours put in.

Ramit Sethi: What is the return on hours if you break it out? Hold on. Before you go on, I just want to describe what just happened. I said, what is the return on hours, and you looked to the side and you laughed. So I'm very much looking forward to what you're about to tell me.

Sean: I had an employee complain to me, a student worker, that they make minimum wage in the state where we live. And they were complaining jokingly that they had put in long hours over the weekend. We had a couple of things we had going on. And they're like, "I deserve a raise after this. I was like, buddy, you divide my actual salary by the hours I put in, you still make more than I do."

Ramit Sethi: So you make less than minimum wage.

Sean: If you do salary divided by the actual hours the job requires, yeah, probably.

Ramit Sethi: And how do you feel about that?

Sean: Not thrilled. I've been trying to. I have a meeting set up with my current supervisor about an application I have out just to see if even if I'm not picked for the job, can I use this as leverage to get a little bit more where I'm currently at.

Ramit Sethi: Let's say it goes well, how much would you go from? You're making roughly 50k. How much do you think that you might get an increase?

Sean: I think realistically, the most I could probably expect for an annual bump would probably be 10. So 50 to 60.

Ramit Sethi: Okay, that's not bad.

Sean: It's not nothing.

Ramit Sethi: Kara is itching to say something here. Kara, go ahead.

Sean: She wants more.

Kara: Yeah, I find a crystal ball. I just know that or feel I don't want to drop where we're at. And so I won't cut my hours back, and I'll pick up overtime and all these things, so make sure the three of us have this good life.

Sean: I think in some ways it's just because I'm trying to juggle a bunch of other things that make our family happy and comfortable. There are other jobs that I see posted around the country that would be better opportunities for our family, but the place that we currently live, aside from my paycheck and my take home, is a happy compromise of family around in the area, a climate that we enjoy, friends that we can lean on, a certain amount of free childcare that we can expect depending on who we're asking.

Ramit Sethi: So that's a very logical answer.

Sean: There are other places I could take us to, but then Kara's standard of treatment as a nurse might change. Where we are at, nursing is a very well-respected profession and it's well-compensated. We could go somewhere where I become very well respected and well compensated and then really we just flip and now we're not your family and now we're not your friends, and we're not happier that way either. I think it's just that we've traded roles at that point. So anytime there's anything that would even be like a two-hour commute, if it's a bump for me, I apply for it. But our options feel limited by trying to balance as much of that as possible.

Ramit Sethi: All of that was just words. Just conjecture. It sounded logical. But I think it was just fear disguised as thoughtful concern. Here's my question for you. How do you know?

Sean: That I'm right?

Ramit Sethi: Yeah.

Sean: I don't.

Ramit Sethi: Well, it seems pretty important to me. You guys decided to come on this podcast and share everything. It seems like it would be a pretty interesting answer to find the answer too. Don't you think?

Sean: Yes, it would.

Ramit Sethi: I mean, you came up with this long pre-rehearsed answer, well, we got to childcare and the well-respected nurse and da, da, da and go, maybe. Or maybe you're just bullshitting yourself. How do you know you can't get a different job? How do you know you can't find a remote job? How do you know you can't move? How do you know? Sean, how do you know?

Sean: I don't know that we can't move. I just know that Kara would prefer not to. I feel like I only have so many moves that could make on the chess board that would end with everyone feeling successful and happy and satisfied. I know I'm mixing metaphors here. But I'm trying to thread the needle and like, okay, well, you bingo, and now everyone wins.

Ramit Sethi: And how do you think that she's perceiving your internal chess game? Does she see you making all these moves in your head?

Sean: I am not a great sharer.

Ramit Sethi: I'm shocked. Yeah, I'm shocked. Can I just tell you what she thinks and then I'll just confirm if I'm right? She doesn't see you making any movement at all. Sometimes horrible chess players— I'm getting on my mixed metaphor now because you made me talk about chess. And it doesn't even make sense, but I'm going with it. Sometimes chess players can play themselves into a circle. All right, well, I could do this. But then I can't do that. And if I did that, then she'd be mad, and then this, and then no child care. I'm just going to do exactly what I've been doing for the last five years. That's not playing chess. That's just being stuck.

Kara: Yeah, that's accurate. We'll get to a breaking point or I'm like, I'm so frustrated. I feel like you're not listening to me because he's not communicating with me.

Ramit Sethi: I've found that people are very, very willing to financially support their partners, to emotionally support their partners, if they see their partners proactively making moves. Now, a lot of us think we only need to move upward for our partners to be happy. And we get so overwhelmed. We get so focused on perfection that we get paralyzed. But life doesn't only go up. Life goes down. Things happen. You get laid off. You have a sick child or ill parent or something happens. In reality, you do not only have to be making upward moves. Instead, taking a small step, even if you get it wrong, is often better than staying stuck. Momentum matters.

It seems like the two of you have different visions of what your life is. Would that be fair to say?

Kara: Yes, I remember describing. So my aunt and uncle are probably upper middle class and he's like...

Sean: Upper middle class, okay.

Ramit Sethi: Just to describe what just happened, she goes, they're upper middle class, and Sean rolls his eyes and he smiles, "Upper middle class, okay." So, Sean, I'm guessing that they are more than upper middle class according to you?

Sean: Yeah, they're straight just upper class. There's no middle as part of it.

Kara: They've got a couple of million dollars, I'm sure.

Ramit Sethi: What a shock! Oh, wow. What's the point you're trying to make, Kara?

Kara: I was like, "Well, I like their house." And he was like, "Whoa, whoa, whoa." He told me not to ever have those expectations in life. And it made me feel selfish for even wanting that.

Ramit Sethi: Can I tell you something?

Kara: Yeah.

Ramit Sethi: I hate how that conversation went, the one between you two. Sean, do you see why I don't like how that went?

Sean: I don't think. For me, on my end, that's probably too limiting and I'm not giving myself any credit or room to grow. And then on Kara's end, I do still feel like that was a big homerun swing.

Ramit Sethi: But what about how your response made Kara feel? How do you think it came out?

Sean: That's not positive. So there's no reason for me to be that wet of a blanket.

Ramit Sethi: Wet blanket, that's exactly what you were. And that's why, from the first couple of minutes, I want to just point this tendency out that I'm sure manifests in a million different ways. Kara coming to you and saying, I'm excited about something, and what is she saying when she talks to you about the couch or this couple? What is she saying to you beneath it all?

Sean: I think this is a good idea. I think this is a fun dream. Let's do it together.

Ramit Sethi: Yes, it's not even that she wants that couch. It's not that. It's that she wants to engage with you. She's crying out for some type of engagement. "Talk to me, engage with me. Get excited with me." And your response instead is what?

Sean: Usually practical, which is not fun.

Ramit Sethi: It's worse than practical. What did you tell her when she said, "I like that couple. They're nice. I'd like to live like that." What was your response?

Sean: I think we should lower our expectations.

Ramit Sethi: Literally, it's the most toxic answer you could give. Not only are you saying, "I don't want to engage with you," you're telling her, "Your dreams are foolish." The worst thing a partner wants to feel is embarrassed or ashamed around the one person in life they're supposed to be able to talk to, honestly. I'm not here to berate you. I want to show you a different way of thinking about money between the two of you, even if you don't see it the same way. So Sean, how do you think you could do things differently than how you've done it in the past, the wet blanket approach?

Sean: It's always a work in progress as well. So sometimes I'm better at catching it. And sometimes...

Ramit Sethi: Anything that is deeply part of us probably takes the rest of our lives to work on. The fact that I picked up on it in the first two minutes is a problem. It's a real problem. That's just the candid outside opinion. It's affecting your relationship. The way you talk about your career is like someone just hoping that they're going to win the lottery. It's like, I hope my boss is going to give me a raise because I deserve it. You're playing by the wrong rules, and you don't even know it. And I think that's what Kara's frustration is about. You can learn the rules. You're a savvy guy.

But you have to want to. You have to have a reason to. Right now I don't hear the reason for the two of you to change. Both of you need to start making some decisions now if you want things to change by the time your daughter's 4, 5, and 10.

Kara: We are good at rationalizing, then we end up in the same spot.

Ramit Sethi: What do you think this whole conversation has been about?

Sean: Yeah, that.

Ramit Sethi: Since you're also good at admitting the problems less, so as wanting to make a change. It's really hard for people to make a change with their money if there's not a pressing reason. Usually, it's one of about 10 reasons: we get married, we have a baby, we buy a house, etc. In this case, with Kara and Sean, it doesn't seem that you have a reason to make a change. And so they haven't. In many ways, it's as simple as that. I decided that the route I was going on was a dead end. So I wanted to move on to

their conscious spending plan. Candidly, I don't have a lot of confidence right now because, without a reason to change, this is just a bunch of random numbers. But who knows, let's see where this takes us. I asked them to pull up the conscious spending plan that they'd filled out before the call. Listen to what happens.

Kara: Let's look at the numbers. So how do you feel about your spending?

Ramit Sethi: A little bit ashamed. Well, I feel like I'll go back and forth where I'll get excited about something and then buy it. And then I feel shame like oh, I went too hard and treated myself or us, and then just ruminate on numbers and like, when am I going to get to a place where I could do this and not feel stressed?

Ramit Sethi: And what is the answer to that?

Kara: I paid off my car. I paid off a good amount of student loans. I would log in every day. And I love seeing the progress and it made me feel really good. So I now have just \$22,000 of student loans versus 100k.

Ramit Sethi: Hold on. Why are you sad or depressed? It's pretty amazing. Did you ever celebrate that?

Kara: No, because I haven't finished.

Ramit Sethi: So what? Hold on a second. How old is your daughter again? Eight months?

Kara: Yeah.

Ramit Sethi: And when she turns one, you probably shouldn't have a birthday celebration because she's not dead yet. What kind of logic is that? You know what? I'm going to celebrate for you and we're all going to do it right now. Did you pay off \$78,000 of debt? Round of applause, please. Can we give her a round of applause? Yes. That's awesome. Take the win.

Kara: Yeah.

Ramit Sethi: Listen, one of my philosophies is to take the win. The fact that you've paid off \$78,000 and you haven't even taken a breath and given yourself a pat on the back tells me it's not actually about the numbers on this spreadsheet. It's about you. It's about how you feel about money. For most of us, money is a source of guilt, shame, and insecurity. And even when we're winning, we still operate with the mentality that we're losing. And you know what we tell ourselves? When I finally do x, then I'll feel better about money. The truth is, that the way you feel about money is highly uncorrelated with how much you have in the bank. You've heard millionaires on this podcast who still agonize over a \$300 hotel stay. And now here you hear Kara, she's done an amazing job paying off \$78,000. And she feels ashamed. I think she's done an awesome job. So I want you to get in the habit of taking the win. Money should feel good along the way. Otherwise, it won't feel good at the end.

Kara: With the market climbing, I was like, we need to do something. So we...

Ramit Sethi: What was your conclusion?

Kara: Bought a house.

Ramit Sethi: And what made you decide to buy?

Sean: Looking at other properties that we would have liked to rent and recognizing that those were going to be pretty close to what a mortgage would be based on what we're hoping to continue renting, not wanting to downsize back to a one-bedroom apartment.

Ramit Sethi: And your mortgage is how much?

Sean: 3200.

Ramit Sethi: 3200, plus you got your 400 bucks of utilities, insurance, etc. How do you feel about the amount that you spend on your fixed costs?

Kara: Stressed. It was good before and now it's not.

Ramit Sethi: So just so everybody knows, we're looking at their conscious spending plan. You guys did the conscious spending plan before. In this conscious spending plan, I have some recommendations on general parameters, how much you should be spending. And in general, speaking generally here, 50 to 60% of your take-home pay would be a good amount for fixed costs. That would be things like your housing, cars, groceries, things like that. What's your number?

Kara: 78.

Ramit Sethi: That's pretty high. The conscious spending plan has my specific recommendations for how much you should be spending in each of the four major categories, including guilt-free spending. You'll quickly learn that most people get into trouble because their fixed costs are too high. Instead of the 28/36 rule, which is 28% for housing and 36% for total debt, you're more like 30 to 42. That starts to feel tight, doesn't it?

Kara: Yeah.

Sean: We've been sitting down with an investment advisor through a local church that we started to work with, and then trying to get more with this guy going.

Ramit Sethi: How much does this guy charge you? Please don't tell me a percentage. God, look at the look on their faces. What is it? 1%? Maybe even 1.5%? Tell me.

Sean: I think there's a ladder based on the performance of the actual accounts.

Ramit Sethi: No, it's not on performance. I can tell you that. They don't like to get measured on performance because they fucking suck. But there's a ladder I'm sure based on the number of assets you have. That's one of the reasons I started what I do. I don't think everyday people should have to become financial experts to avoid getting ripped off. And I wish you didn't have to go through this. But you did. Luckily, we caught it early, we can make some changes. So this investment advisor sat you both down and let me guess their first question. What are your financial goals?

Kara: Yes.

Sean: Yeah, that sounded right.

Ramit Sethi: I'm going to assume that your advisor is charging you 1%. That's a typical scammy amount that an investment advisor would charge you. So let me ask you this, Sean. Does 1% sound like a lot to you?

Sean: I mean, at face value, no.

Ramit Sethi: That's a great answer. So how come when you were mowing lawns you didn't charge Mr. Johnson down the road 1% of his net worth to mow his loans every week?

Sean: At the time because I had no concept of 1% of Mr. Johnson's worth.

Ramit Sethi: But would he have paid you that?

Sean: No.

Kara: It was something that Sean and I felt like it was seamless. We were on the same page, like, yes, do we want to feel secure about our finances and have this little let's save for our daughter, whatever if something were to happen to us?

Ramit Sethi: It's sweet the way you put it. It was something we did together. I like that. Unfortunately, you made the wrong decision. But the intention was good. That part was good. So why don't we just take the intention and make a better decision?

Kara: Okay.

Sean: Sounds good to me.

Ramit Sethi: I like the intention of the two of you talking about money. You know what I like even better?

Kara: What?

Ramit Sethi: Is the two of you keeping tens of thousands or hundreds of thousands of dollars for yourself? How about that? Look, they got scammed by some church advisor, fine, it happens. You're going to make mistakes with your money. Better to make them early on and fix them now rather than to wait until later in life when those \$1,000 mistakes will be much more costly. I don't mind money mistakes, life happens. Just trust yourself to notice them and to fix them. And so because you're spending all this money on your fixed costs, what are you not able to do?

Kara: Fun things.

Sean: On a trip.

Ramit Sethi: Tell me, like what? What are you not able to do? Think about yourself and think about yourself as a couple.

Sean: Together it limits how often we can see my family because they're pretty far removed from us. And they're in an area where there's no direct flight at all. So then your option is like a three-day road trip or nothing. It affects how generous we can be for holidays, weddings, or anything else. We're going to have to start counting the pennies a little bit more.

Ramit Sethi: What about the future for the two of you? Do you both want to be doing the same thing you're doing 10 years from now?

Sean: No.

Ramit Sethi: Your daughter will be about 10 years old.

Sean: No, we do not.

Ramit Sethi: No. Wow, that was a resounding no. Tell me more, Sean. Just want to point out that this is the first time I heard Sean speak up that authoritatively on this entire call.

Sean: Well, I mean, she's only going to want to do more and more things. I want to be able to put her in whatever she wants. She wants to do ballet. She wants to play T-ball. She wants to go to summer camp, whatever. I can start taking water sandwiches for lunch. It's only going to save us so much money. So there's got to be some changes.

Ramit Sethi: So what are those changes?

Sean: There are things that we can trim down, some subscriptions that we don't need, for example, there's...

Ramit Sethi: Like what?

Sean: We were paying for YouTube TV, but...

Ramit Sethi: That's like five bucks.

Kara: No, it's 55.

Sean: It's like 60 a month.

Ramit Sethi: \$60 a month for YouTube TV? All right, I'm out of touch. Who the hell would pay 60 bucks a month for YouTube TV? YouTube is going to kill me if they hear this, whatever. \$60 is not going to change your life, honestly. Yes, you should probably cancel the \$ 60-a-month thing because I don't know what the hell you get for that. But that's not going to change your life.

Sean: Yeah.

Ramit Sethi: They're spending nearly 80% of their take-home on fixed costs. But Sean's first response is about some YouTube subscription. I have to tell you guys, I lost it here. They're both playing small. And what's worse, they're both being passive, especially Sean. Have you noticed that they've barely asked me a single thing? It seems like they're just waiting for me to magically solve their problems. But when I asked them what they could do, the answer I got back was about a \$60 subscription. I've tried talking about the numbers. I've tried talking about their childhood. I've tried talking about the relationship. I've even tried talking about the couch. And this is where I got pissed off. There's no vision here.

Kara: Yeah, we need a vision.

Ramit Sethi: Do you guys want help creating a vision?

Kara: Yeah.

Ramit Sethi: Do you know how to ask for help?

Kara: Can you help us?

Ramit Sethi: No, you don't? Sean, tell me about that.

Sean: I'm terrible at asking for help.

Ramit Sethi: I've been wondering for the last two hours, what am I doing here? Am I going to get asked any questions at all? You know that this is your time, right? If I were you, how would I have come on this call? If I were in your position and I had the chance to talk to somebody, what would I have done specifically?

Sean: Honestly, you strike me as the kind of person who would have four or five bullet points, an action plan, how can we put together, deliverables, how do we get out of this.

Ramit Sethi: I would have come in surgical. I would have been like, this guy, I hardly ever get the chance to talk to somebody like this. I'm going to milk him for every last thing he can tell me until he finally says, "Hey, man, enough free questions." It's confusing to me. We're over time. I don't mind. I'll stay as long as we need to stay. But my goal is to help you guys. But I can't help you two if you don't want to be helped. And right now, it seems like both of you just want to be led along some path. And that's not the way this works. That's the entire theme of this conversation do you have enough pain to want to make a change? It's still unclear to me. I think we need to fundamentally reconceptualize this dynamic right now.

Kara: Okay.

Sean: Right.

Ramit Sethi: You tell me what you need, and I will assist you.

Sean: Okay.

Ramit Sethi: All right. I got pretty mad at them. This was also me taking the burden of solving their problems and handing it back to them. Well, I guess I threw it back at them. What I wanted to tell them was, Kara and Sean, your problems are yours to solve. I truly hope you solve them and I'll be here to help. But I'm not going to do it for you. Take ownership or not, it's up to you. Just as I think about it, I wish I had said it that way. Do you know what else I wish? I wish you could have seen their body language. After I lit them up, they sat up straighter. Sean finally leaned forward. And finally, they started being honest with me.

Sean: We have spent a large part of our relationship trying to realize some of Kara's dreams. We wanted to get all that debt paid down. We thought, okay, like, well, surely, if we pay off all this debt, we'll have all this extra money later for different things. When it comes to our finances, the biggest hurdle for us has been that I don't know what I don't know. I can't even start the learning process because I don't know what questions I should be asking. I'm hoping that some of this conversation can help me figure out what the heck we're supposed to do instead of like, okay, well, that was not the right answer or not a right answer.

Ramit Sethi: Okay, I appreciate that. You're looking for help?

Sean: Yeah.

Ramit Sethi: Sean, you're 30 years old. You mentioned that five years ago you probably should have started investing. Yeah, probably you should have, but you didn't, that's fine. We're here. But five years from now, your daughter's going to be five years old, almost six. What's going to be different?

Sean: I will have a different job by then. I don't know what it is yet, but it will not be this.

Ramit Sethi: What's going to be different about the job? Tell me about the income.

Sean: I'd like to see myself in like at least a 30 to 40% increase on what I've got because I have the tools.

Ramit Sethi: How much are you going to be making?

Sean: I would love to see myself between 75 and 90.

Ramit Sethi: Took a lot to get you to say that number. What's that?

Sean: I don't know. Growing up with a family that made nowhere near that and still seemed happy, I guess.

Ramit Sethi: This is a big moment. Sean is designing his own rich life right in front of us. Nobody can get him to do it. Kara couldn't. I couldn't. It must be Sean.

Sean: A lot of those people that I ran into, not that all Angelenos are this way, but a lot of people I ran into use money as a weapon. And I didn't love that.

Ramit Sethi: I don't want you to think that if you make more money, you're going to weaponize it or turn into an asshole. One of the reasons that I talk about money, and I share real numbers and other couples, is I want people to see that you can make a lot of money and you can be incredibly generous. Sean is working off a common invisible script, that rich people are evil. So, if I make a lot of money, I'll be evil, probably an asshole too. Deep down this is one of the things that I think has been holding Sean back from taking ownership over his career. It's not the only thing. But it's a big one.

So, Kara, you're deeply affected by your anxiety about money, and you want somebody to permit you to know that you are making the right decision. That's one of the reasons you asked, Sean, can we get this couch? I'm going to try to convince you because deep down, you're putting yourself in the position of needing somebody's blessing, or needing somebody's permission, even though you don't need it. You're the higher earner in this relationship. That's number one.

And number two, Sean, you're playing a different game, which is learned helplessness. I don't know. I listened to the thing a little bit, but I don't know. And that's it. Now, I will commend the two of you for getting together and getting that advisor even though the advisor was not the right decision. Luckily, we caught it. And the two of you came together today. That's awesome, too. I commend you for that.

So I suggest that you consider making a few changes. The last thing you want to do is to squelch the other partner's dreams. If anything, the answer is to first engage with them. Get curious, "Tell me about that. Oh my God, tell me about this couch. So where do you find it?" And you clear up, put your phone away. Visibly set yourself up to be an engaged partner. "Tell me about this. But I don't know, our daughter is going to spill stuff on it. What do you think about that?" Not "Our daughter is going to spill stuff. It'll suck. No, our daughter is going to spill. She's a klutz. So what are we going to do when she spills that milk on the couch?" And then, of course, Kara smiles. Look at that smile. Kara's smiling right now. She's grinning. Kara, how would you react if he said something like that?

Kara: It won't be a problem because it's stain-resistant.

Ramit Sethi: Exactly. She's like, got that. She pulls out a papyrus scroll. She's ready to break down all the features.

Sean: And it's white. So of course, the milk won't show.

Ramit Sethi: There you go. Look at this. Okay, see, we can make it fun. Now, I'm not saying you have to get the couch. I am saying there's a way to talk about these things so that you two are partners, not adversaries, and not one person dragging the other by their teeth. Sean, are you on board with this so far?

Sean: Yeah.

Ramit Sethi: And I hope Sean is lighting a fire under you to start making more money. Because if you make a lot more, that's going to automatically make the 74% go down because your denominator will be bigger.

Sean: Yeah, right. You did it again. Yeah, I get that.

Ramit Sethi: What are you going to do with that money?

Sean: It sounds like it would be a better idea to sock it away for long-term investment.

Ramit Sethi: Agreed. I'm going to share something on my screen. I'm going to calculate something for you here. So this is how much you currently have. You two have \$52,000 invested. That's what he told me. Right now you're going to add \$400 a month. That's your baseline for investments, correct?

Sean: Yeah.

Ramit Sethi: All right. So I'm adding \$4,800 a year. I'm going to give you 35 years to grow it just to show you what will happen by the time you approximately retire. And I'm going to assume a 7% interest rate. I know you don't understand where that comes from. Chapter 7 of my book will tell you; Chapters 6 and 7. So if you just do that, you have \$1.2 million.

Kara: What is it with the calculator?

Ramit Sethi: What's that face you just made, Kara? She looks like I just put some Hemlock in her coffee. What's that look on your face?

Kara: Disbelief.

Ramit Sethi: Why is that?

Kara: I don't know. That's crazy how it can just sit there and then grow that much. I know it's like compounding and that's what we're trying to understand.

Sean: I like that. I would like to make that even higher.

Ramit Sethi: Oh, you would?

Kara: Really?

Ramit Sethi: Wow. She's just clapping right now. What do you notice about the dynamic between the two of you right now?

Sean: We're both smiling. So that's good.

Kara: Dreaming.

Ramit Sethi: Yeah, it seems like you guys are a team. I have to say it's funny. Most of the time, by the time we're in this, it's like very nuts and bolts. But I love watching the two. Look at these smiles. And the two of you are collaborating. I admire it.

I loved their teamwork at this point in the call. You could see it in their smiles. You could see it in their body language. You could hear it in their voices. This is how money should sound when you talk about it. Of course, to get to this point, you have to understand the fundamentals of money. And you have to have some basic numbers in place. If you don't have that, it's no surprise that people fight for their entire lives over \$3 questions.

Ultimately, I wanted Kara and Sean to realize that they have to find their solution. There's no magic trick I can pull out to fix this. The answer is in changing the way they both treat money, especially Sean.

Between the two of you, you can tweak a couple of things. The changes you made already made you a million dollars. It's just going to take you a long time to have it. But I don't think you want to wait until you're 65 years old to have money.

In your application Kara, you said like, I want to live. I want to travel. Ultimately, the biggest driver here is your income. And that is exactly what I wanted us to get to. If I came in here and I tell you, "Sean, you got to make more money." You're like, basically, fuck off. "I know, but I like my job. And my co-workers are nice." But if you have a vision that you created together, then it becomes very clear what to do. How do you both feel right now?

Sean: At least we're pointed in the right direction.

Kara: Hopeful that this momentum will continue and that we'll be united. And I just feel the urgency and I want him to feel that with me.

Ramit Sethi: I found three layers to Kara and Sean's problems. First, the mechanical answer is that they're spending too much on their fixed costs. Second, a more detailed answer is that Sean needs to get a better-paying job. And third, the real answer is that they both have to change the way they treat money. And Sean has to take on the bigger part of this. Now they have a lot of work to do, but they realize they have to do it together.

After speaking to Sean and Kara, I asked them to follow up with me in a few days with what had surprised them, and what specific actions they were taking based on our call. Kara did exactly that. She had already gotten rid of their expensive financial advisor, and she had re-invested their money using my system.

But I want to tell you what I heard from Sean. Now in these follow-ups, I often get pages of details. I got a lot of details from Kara. But Sean didn't follow up with me in a few days as I asked. My team had to reach out to him and ask him to follow up. He replied with the following single sentence, "I think the biggest takeaways for me were the importance of communicating more frequently so Kara feels like we're on the same page. And it just further underscored a need for a career shift on my part."

What do you think? What do you think happens over 5, 10, or 15 years when in a relationship one person, the leader, becomes increasingly frustrated that the other person is not being proactive, and is not making changes?

Podcast Episode 49: Our housing expense unexpectedly went up \$2k when we bought our first home (Part 1)

Synopsis: Elena and Eric are both 25. They live in Toronto, and they make \$160k as a household. They love going to EDM festivals and spend thousands of dollars every year traveling to them—it's their Rich Life! The problem is that they also own a condo that's draining their savings at a rate of \$2k every month. They'll be broke in two years.

Before this call, Elena and Eric made a pact that they would NOT consider selling their condo, no matter what I said. But we learn that they're committed to keeping the condo for all the wrong reasons.

What will it take to see the truth in their error? To admit a mistake and commit to moving on as a team? First, we need to see if either of them is even willing to budge on the subject. Listen in to find out.

Podcast Transcript:

Ramit Sethi: I'm not telling you, you have to sell, but I'm telling you you're going to go broke in two years. Meet Eric and Elena. They're both 25 years old. They live in Canada. And together, they bring in \$160,000 each year. They called me because they can't seem to figure out what's going on with their money.

In today's conversation, they'll spend a lot of time talking about how they love music festivals, and they don't want to stop going to music festivals. But they think I'm going to tell them to stop going to music festivals. It turns out the real problem is something they are not even thinking of.

I want to share their story because so many of you have been told that you are throwing money away on rent and that you need to buy a house because it's the best investment you can make, and you're an adult if and only if you own a house. But what happens when you do everything that other people told you to do and suddenly you realize homeownership isn't everything you thought it would be? Today's episode is full of fascinating insights on money psychology. So listen closely to hear Eric and Elena's story. I'm Ramit Sethi, and this is the I Will Teach You To Be Rich podcast.

You came on the call, Eric, saying, I want advice for someone doing well and wants to do better. But the fact is you're spending more than you make every single month. When did you realize that you had a financial problem?

Eric: The second time I had to pull out from my stocks to cover credit cards/day-to-day payments.

Ramit Sethi: What happened?

Eric: We paid all our bills and everything, but then I started falling slightly behind on my credit card. So I just took some money from the stocks to try and cover that.

Ramit Sethi: And then what happened?

Eric: Behavior-wise, nothing else changed. Nothing changed in terms of our spending or our attitude towards money.

Ramit Sethi: What about you, Elena? When did you realize there was a financial problem?

Elena: I think I realized there was a financial problem after we said that we would stop booking music festival trips, and then we booked two more that same year. I think the worst part is anytime that Eric gets a raise or we get a raise, somehow we're still living paycheck to paycheck. Eric is making \$20,000 more than what he was making last year, and we're still not making any changes. And I think that's the most frustrating part. And we're just out of luck. We don't know what to do at this point.

Ramit Sethi: What are these festivals?

Elena: Have you been to a music festival?

Ramit Sethi: Do I look like I've been to a music festival?

Elena: You'd be surprised. I think a lot of different types of people go.

Ramit Sethi: It's very kind of you. What type? What type of festivals are we talking about?

Elena: Like electronic music festivals, techno music festivals, like that kind of thing.

Ramit Sethi: Do you travel for these?

Elena: Yeah. So this year we're going to Seattle, Chicago, and Orlando. So we're going to a few different places. And it adds up as you can imagine.

Ramit Sethi: What are the typical expenses for one of these trips? Do you have a sense?

Elena: Yeah, so definitely a flight usually to the US, accommodations, the ticket itself, which is usually 300 to \$500, any food that you need, Uber rides, which end up spiking in cost. And on our last trip, we spent over \$600 in three days on Ubers alone. So there's a lot that is similar to regular travel except you also have the cost of the ticket and the festival food and everything.

Ramit Sethi: And how much would you spend this in a typical year?

Elena: We've only been dating for two years and traveling together for about a year. So I think in the past year we spent probably close to \$12,000 in traveling, music festivals, that kind of thing.

Eric: There's also the local events that add up. This year we have three different ones booked internationally to the US. But then monthly, we'll probably go to two to four events per month locally. And that's, I'd say, between the two of us between ticket costs, there and back, probably at least \$200, 200 to \$250 nights every single time.

Ramit Sethi: So when you came on this call, did you think that I was going to tell you to stop going to these festivals?

Elena: Yes, that is what I thought.

Ramit Sethi: People are so weird. They come to talk to me expecting me to tell them to cut back on the very thing they love, which they already know they're going to ignore. Why would you do that? I think a lot of people like the feeling of being chastised. On the one hand, they hate it. But on the other hand, they love it because it feels so familiar. And these people are usually the ones who describe themselves as feeling guilty about money.

Notice that people who feel guilty about something love talking about how guilty they feel.

Psychologically, you'll see them spending years talking about how you feel guilty. "Yeah, I could do that. I probably should. I just feel so bad." They'll use those phrases, "I'm bad with money. I'm just bad with money."

At a certain point, I ask them, what do you get out of this? And they might realize with enough introspection, "Wow, by saying I'm bad with money, I give myself an out instead of learning how to manage it." Elena expects me to berate her for going to festivals. But that would accomplish nothing. Okay, fair enough. I can already tell you both love it. So I'm not going to sit here and tell you to stop it. That'll be a quick call. We'll be done here in five minutes. You'll say, screw this guy. I'm out of here. There's no point. Also, I don't think you want to stop going. I think you'd love it. It's great. Let's figure out a way to help you go to those things guilt-free. Elena, I'm curious why you thought I was going to tell you to stop doing it.

Elena: I feel like whenever people online, financial advisors online, they all have the same persona. And I'm not saying that you do. I honestly haven't listened to you enough to get a real idea of the type of advice you would give.

Ramit Sethi: Problem number one.

Elena: But I feel like— pardon.

Ramit Sethi: Nothing. Keep going.

Elena: I feel like that's the obvious thing to do. It's the most expensive thing. So if we're talking about cutting out the thousands of dollars, then the festivals are the easiest thing and the quickest thing to do. So that's what I thought. And I feel like that's the type of advice that my parents would probably give too. They'd be like, "Well, you should just not go to a festival and you'd save like \$3,000."

Ramit Sethi: And then would you listen to them?

Elena: I think we have listened to them.

Ramit Sethi: So then why do we want to even think about that advice? If it doesn't work, then why bother? That's my philosophy. Let's get real. Let's do some stuff that works. Otherwise, there's no point. You're wasting my time and I'm wasting yours. We don't want to both just bullshit each other. So you want to do the festivals? Fine. I don't care you paying 600 bucks for Ubers, whatever. Do you want to do it? Fine. But you guys are here for a reason. So what's the problem? Elena, what do you think the problem is financially?

Elena: I think the problem financially is that we're not saving at all. We are just living paycheck to paycheck.

Ramit Sethi: Before coming on this call, I asked Eric and Elena to fill out a conscious spending plan using my template. The conscious spending plan breaks your spending down into four categories: fixed costs, savings, investing, and guilt-free spending.

Now I'm going to go out on a limb and guess what you're thinking right now, "Ramit, clearly this couple is just spending way too much on festivals. If they didn't spend \$12,000 a year on festivals, they'd be fine. It's so simple." Well, it's not that simple. They love going to festivals, and they're not going to give it up.

Let's start there. If you were going to help Eric and Elena, they're living paycheck to paycheck, but they simply are not going to give up their spending on music festivals, what would you do? I wanted to understand more about their money psychology so I could start to come up with a plan that would help them. And what's the problem with that?

Eric: Well, I would love to propose to Elena that's one of the things that is coming out like, I'm just not saving any money. And in a way, I'm nervous to take out that money to take that next life step to start to move forward. I think a lot of it is moving forward, right?

Elena: I mean, we want to have kids at some point, and we want to purchase more properties. We would ideally like to purchase a property in Miami. We love going to Miami, two to three, and of course, prioritize their education. Our parents paid for our university. We want to make sure if we have kids we're able to do the same, especially if our kids went through anything that required some kind of money, we would be able to support them through that as well. So I think that's a long-term goal for us.

Ramit Sethi: This is what I call trying to be 40 before you're 40. Eric and Elena are not saving anything. They're losing money every month. But here they are talking about buying a property in Miami. Guys, you earn the right to do advanced things after you execute the basics flawlessly and consistently. When people come to me talking about accredited investing and private equity and crypto but they don't even have a simple diversified portfolio, they're trying to be 40 before they're 40. And what that usually means is a lifetime of sub-par returns.

It doesn't seem like it's that concerning to both of you.

Elena: I think for me, I hate getting stressed and worried and I get hives and everything. So I think I just try to keep as calm and as prospective as I can, especially on things like finance. I do stress about it pretty frequently. But I just try to stay calm as much as I can. I don't like getting anxious over money, which might come to a fault because then I feel like I don't see it as seriously as I should.

Ramit Sethi: Yeah, it's interesting that for you, the opposite of stress is what? You stress about money. So therefore you try to what?

Elena: Calm down about money.

Ramit Sethi: How do you calm down?

Elena: I don't think about it as much.

Ramit Sethi: You ignore it?

Elena: Yeah.

Eric: I've always been taught and I've been raised in like, don't talk about money.

Ramit Sethi: What did your family say?

Eric: We just didn't talk about money. There wasn't a conversation.

Ramit Sethi: Did you grow up middle-class, poor, wealthy?

Eric: Yeah, middle-class parents. My main conversation on money when I was being raised was— my parents were divorced, but with my mom who's the one that mainly raised money, we just never really talked about money. I never knew how much she made or anything.

Ramit Sethi: What would it look like if you were not stressed about money, Elena?

Elena: I think it would look a lot more calm when I sign in to my banking apps and look at our bank accounts. I think I wouldn't have that pit in my stomach of okay, what are we at in our checkings after the 5th of the month and everything has been removed, what's left there? I think I would just stop thinking about stuff like that. I would open my app with no worries as to how much is in our checkings.

Ramit Sethi: How often do you open your app?

Elena: Very frequently. At least once a day on one of the banking apps.

Ramit Sethi: Why do you do that?

Elena: I don't even know. It's as if I think the number in there is going to change, but it's going to be the same. And I guess I just opened it to make sure we're not losing any money everything's okay on it or the purchase came through correctly, and we were charged the right amount. I think that's probably one of the ways that I stress about it is that I check it so frequently.

Ramit Sethi: What do you think that's costing you?

Elena: A lot of my mental health, I guess. Not mental health, but just a little bit of anxiety every single day, I guess.

Ramit Sethi: Have you ever wondered why you do that? What you get out of it.

Elena: I might imagine that I get a sense of control, that I know exactly what's going on, but in reality, it's I'm tracking and thinking I have control over it, but I'm so on in control of the finances, which is why I'm checking it so frequently.

Ramit Sethi: Okay. You're very perceptive.

Elena: I try to be self-aware.

Ramit Sethi: Yeah. It's one thing to be perceptive. It's an entirely another thing to know how to change. Logging into accounts every day is a major, major red flag. It tells me so much about someone. It tells me that someone is probably obsessed with \$3 questions instead of \$30,000 questions. It tells me they probably don't feel in control of their money. And it tells me they probably don't have a financial system. And instead, they feel the need to micromanage every single thing all the time. People who log into their accounts every day are playing defense with their money, not offense. And to live a rich life, you have to play offense. Eric, are you stressed about money?

Eric: A little bit.

Ramit Sethi: How does it manifest for you?

Eric: Oftentimes more so through ignorance. I don't like to think about it much to them. But whenever I do think about it, I'm like, all right, and then I just try and tell myself that it'll be okay in a little bit.

Ramit Sethi: What do you guys want me here for? Do you want me to tell you that it's not going to be okay? Are you looking for a wake-up call?

Elena: I don't think we're looking for a wakeup call.

Ramit Sethi: What are you looking for?

Elena: I think we're looking for some guidance. We've tried the budgeting. We've tried setting a maximum for our credit cards, a maximum for our leisure spending, for groceries, we've tried doing all of that multiple times, and it doesn't work for us. And it's just not the way I guess our minds work. So I think we're just looking for something from your perspective that you think would work for our specific situation.

Ramit Sethi: So when you say, "We've tried a lot of things," when was the last time you read a book on money?

Eric: I never did.

Elena: We didn't read a book, but we did do two online financial courses, I guess, but it was very vague and again that influencer type of idea.

Ramit Sethi: What course did you take? Tell me.

Elena: I purchased this self-help bundle like a year ago, and it came with a bunch of different courses that you can access e-courses.

Ramit Sethi: How much did they cost?

Elena: I know you're looking at me and you're like— I think it was like \$70 or something. But it came with 20 or 30 courses. It was to support this influencer that I followed, anyway. So we got this course. And essentially the core of it was not a budget, it was identifying in your transactions what are regrettable, what are mandatory, and what are happiness, true happiness.

And I guess that's what we looked at for that period in our time was we looked through our transactions, which ones gave us happiness, which ones we could go about without, and the next month we would try to avoid the regrettable transaction. So avoid that one take-out trip that we probably don't need and focus more on spending money on things that make us happy, which is these events. So we tried that. Again, not that's sustainable because there wasn't a monetary percentage or numbers to justify anything behind it.

Ramit Sethi: It sounds like a life coach lost their job and they decided to in one weekend write a course and then charge you \$7 for this advice.

Elena: Correct, yeah.

Ramit Sethi: Oh, my God. Some of you love telling me how little you paid for something. Did you catch that when I asked Elena if she'd read a single book about money? That's the very reason they came on this podcast. And she said, "No, but I bought a discount course created by an influencer." I want you to think about the psychology of that. Why don't we take the important things in our lives seriously? I have this concept of things called money lenses. Imagine you put on some eyeglasses. Well, the lens that most people view the world through is the money lens of cost. They agonize over how much something costs, and they brag about getting it on sale.

But most people don't realize there are also other money lenses. There's the money lens of experience, like sitting at the sushi counter and watching the chef work. There's the money lens of results, like hiring a personal trainer. There's a money lens of speed and delight and so many more. Just Google money lens Ramit. Most people only have a single money lens— cost. That's like being able to play one note. It's

incomplete. And yes, there are times to use cost. Sometimes costs can be the best money lens to use like with your investments. You want a low-cost investment. But there are certain times when you should use different money lenses.

Elena clearly did not use this financial guide. Not despite it being cheap, but because it was cheap. It was a bundle for God's sake. When something is important to me, I don't want to bundle. I want the very best thing that's going to get me results. With rare exceptions for the important things in life, I want to urge you to consider a different money lens besides cost, as Dan Kennedy says, "Why pay less when I can pay more?" I'm glad you supported that influencer. I think for something as important as money, I probably wouldn't just buy a bundle that throws in a bunch of stuff, and says, hey, here's the money thing. Good luck. I take this seriously. You guys take the festival seriously. I take money seriously. Do you guys both care about your money?

Eric: Yeah.

Elena: Yeah, we're making more money year on year, but it seems like we're not saving any of it.

Ramit Sethi: What do you think is going on?

Eric: I think we're just not executing anything. Even this one was like, I fill out the form and attend. I was throwing this Hail Mary and hope that maybe this session will help us. Maybe this will be the one that will change our attitude. But I think there are deeper things there.

Ramit Sethi: That's pretty perceptive too, the idea that I'm just going to check out this YouTube video while I'm brushing my teeth. It doesn't take too much work. I'll throw this Hail Mary to this podcast thing. Maybe one of these things will pan out and fix it for us.

Well, I guess I'll be the first to tell you, I'm not here to fix your problem. Nobody's going to fix your problem. It's your problem. I don't think that the two of you take money that seriously. I don't think you think there's a problem. You're living check to check. You came on the call, Eric, saying, I want advice for doing well and want to do better. But the fact is, you're spending more than you make every single month. That's not doing well.

Part of living a rich life is being honest, honest with ourselves, and honest with the people around us. You're losing money every month. So maybe we need to recenter. You're losing over \$1,000 per month in the red. I don't think that's doing well. How long until you run out of money, Eric?

Elena: A year, maybe two years.

Ramit Sethi: Which one is it?

Eric: I think two years.

Ramit Sethi: Two years. And I ask because you're dipping into your savings, correct?

Eric: Yeah.

Ramit Sethi: So you guys are two years away from running out of money. How much are you losing each month from your savings, Eric?

Eric: Probably 1,000 a month.

Ramit Sethi: It's got to have been tough for you to be watching your savings deplete every single month.

Eric: Yes. I felt like a failure, a repeated failure. It's like I bang my head against the wall multiple times and I haven't learned.

Ramit Sethi: Elena, are you curious what's going through his mind?

Elena: Yeah.

Ramit Sethi: I mean, he's drawing out of his savings every month, and he's going in the red with his savings. Are you curious what's on his mind, what his fears are, how he's feeling?

Elena: Very curious.

Ramit Sethi: Ask him.

Elena: How are you feeling about the fact that you're consistently contributing more than I am?

Eric: I don't mind contributing more. It doesn't bother me to contribute more. It wouldn't bother me to put more towards our investment. It wouldn't bother me to pay more for the festival. But I don't want to contribute to getting us out of the hole. It's almost like I'm contributing to a bad addiction. I don't want to contribute to that. I want to contribute to cool stuff and stuff that would make us grow and make us happy and all that kind of stuff.

Ramit Sethi: Did you know that, Elena?

Elena: I feel like we talk about finances very loosely. And we talk about it frequently, but very loosely. And I can just assume or imagine that that's what he feels like because I take out a line of credit of \$100 every month and I'm just like, why am I doing that? So I can imagine, but it's good to hear him say that that's what he feels like.

Ramit Sethi: I bet in your relationship there's one person who talks about money more than the other, one person who takes the lead, who drives things. I want to give you a challenge today. Try to flip that dynamic for one day. If you're the leader, ask the other person to take the lead. If your partner is the leader, you go and start a conversation about money.

As you change your roles for a single day and have conversations about money, you're going to learn all the subtle ways that both of you reinforce your roles. One of you asks more questions. One of you waits for the other person to bring money up. This will be eye-opening for you. By the way, once you do this, send me a note. You can message me on Instagram. Or if you're on my newsletter, you have my direct email. Send me a note and tell me what surprised you about this exercise.

So you have roughly 25,000 bucks in your savings account?

Eric: Yeah.

Ramit Sethi: All right. So two years away from being out of business, running out of money completely, and what's going to happen then?

Eric: Then the festivals are going to go, the events are going to go, the gym membership is going to be changed to the cheaper one, start taking them one after the other.

Ramit Sethi: That's not going to save you. If you run out of money, cutting back on \$6,000 of festivals is not going to change anything for you. You both look very uncomfortable.

Elena: But I think it's good you're making us uncomfortable, to be honest. I feel like we haven't been this uncomfortable talking about finances in a long time. I think we're both just very positive about it. And I think we needed somebody to make us uncomfortable to ask us that question of what happens when you're going to run out because we never really thought about that.

Ramit Sethi: No, if anything, you came on this call thinking that you were doing great.

Elena: Yeah, I did. I'm like, wow, we're not doing that bad. Some people are homeless, and we're not that.

Ramit Sethi: You're comparing yourself to homeless people.

Elena: I mean, I was, yeah.

Ramit Sethi: Do you see this self-deception?

Elena: Yes.

Ramit Sethi: So you came on here going, "Ah, there's too much stuff for all these beginners, but we're already quite intermediate. We need to advance stuff." Meanwhile, you're losing over \$1,000 a month and you're two years away from being out of money. Sometimes you have to spell it out for people. You have to let them know what the stakes are. And now that Eric and Elena can see what's going on here, at least they know what reality is. So right now, the two of you make \$160,000 per year, correct?

Elena: Yeah.

Ramit Sethi: What's the breakdown? Who makes what?

Eric: I make 100.

Elena: And I make 60.

Ramit Sethi: Okay, cool. So what would it take for you to both be able to hit those savings and investment goals?

Eric: Reducing our expenses, some of them. From a knowing perspective, I think we even have a savings account, which was called an emergency fund.

Ramit Sethi: With \$0 in it.

Elena: Well, there's 354. So it's not zero.

Ramit Sethi: That's good. How much are your monthly expenses, by the way? You got real quiet in here.

Elena: Not including our fixed costs?

Ramit Sethi: No, all of it.

Elena: All of them? Probably close to \$8,000.

Ramit Sethi: Okay, well, you have 300 bucks. That's good. That will get you one day.

Elena: Yeah.

Ramit Sethi: There's a subtle dance going on here. Eric and Elena are using a lot of techniques to avoid facing the real problem. Can you spot them? First, they ignore the problem. They've been in the red every single month for months. They are two years away from being totally out of money. Next, they focus on the wrong things that feel good but don't matter. For example, logging into accounts every day. Next, they self-handicap. When they finally decide to get help, they buy an influencer bundle on manifesting money happiness, or whatever bullshit that thing was. Then they compare themselves to homeless people and say, well, we're not as bad off as they are. They make \$160,000 a year. They're comparing themselves to homeless people. Not only is that offensive, it's just a horrible barometer to use. Finally, they use tiny, incremental success to congratulate themselves, instead of taking an honest look at reality. Great, you have an emergency fund. Oh, it only has enough to last you for one single day. And you want to know a secret? They haven't even gotten to the actual problem. These are all subtle psychological techniques they use to avoid the reality of the problem. I suspect most of this is unconscious. They came on this podcast expecting me to tell them to cut back on festivals, maybe do some whiz-bang Microsoft Excel calculations, and then they could go back to living their life. But the truth is that won't work. I'm going to start moving us in the direction of the real problem. Remember, I'd seen their conscious spending plan before they came on the call.
So let's talk about where your money is going. You were both renting.

Eric: We rented for a year.

Ramit Sethi: And what was life like that year that you rented?

Eric: There was COVID, so not much to do. But between us it was great. We were saving some money.

Ramit Sethi: And then what happened? You decided to buy a condo. Walk me through that discussion.

Eric: So my best friend's parents are real estate agents. They're very big proponents of purchasing a place.

Ramit Sethi: No, no, no, no.

Eric: And I agreed with them. I think I still agree with them. And we were talking and I'm like, it seems like the time could be now and this would be a great opportunity. And— you're going to love this one. We thought it'd be a forced way to save money because we thought, we're going to take this and then we're going to save because of this.

Elena: There were a few factors for us purchasing a condo. I don't know if you're familiar with the Toronto real estate market, but it's nearly impossible for young couples to purchase a place. And we essentially had 90 days from that pre-approval to purchase a place. Otherwise, we would have to reapply at a higher rate, which means we would get 60,000 less in our mortgage.

And we had the down payment. Our parents very happily helped us with it. So we just felt like it was now or never. Condo prices were going up. And we found this one condo we were absolutely in love with and for the right price. We didn't want to keep paying somebody else's mortgage. We figured if we had the downpayment, the mortgage itself wouldn't be that much different from our rent.

I think we just didn't look in depth enough about all these additional costs, like the tax of \$300 a month, the maintenance fee, that's another \$600 a month, all these other fees that go along with it. Where our rent was 23 and our mortgage is 26, all these extra costs make it that we're paying close to like \$3,500 a month on non-negotiable things. So that's why we purchased a condo when we did.

Ramit Sethi: So, you bought this place. And how much more expensive is it per month than you thought it would be?

Elena: \$1,500.

Ramit Sethi: 1,500. And if we factor in some repairs and we amortize that out it's probably more like 2,000 a month.

Elena: Yes.

Ramit Sethi: That's 24,000 a year out of 160,000 gross incomes.

Elena: That's like five music festivals we can go to comfortably.

Ramit Sethi: Let me see if I have this right. Hold on. I need to take a deep breath just to gather myself. You two were renting. You were making good money. You had good money. You were living life. And then you decided, "I don't want to pay somebody's mortgage. And a house is good for savings. And realtors are telling me that it's a good idea to buy." Do I have this right so far?

Elena: Yeah.

Ramit Sethi: I'm not done yet. Just do I have it right so far?

Eric: So far, yeah.

Elena: Yeah.

Ramit Sethi: Then you went out and you got the stress test and then they said, you have 90 days. You again, went back to that old chestnut, I don't want to pay somebody's mortgage. You went out and bought it at quote, the "right price." And you just neglected a couple of calculations, and now you're paying almost \$1,500 more per month than you were renting. Did I get that right?

Eric: Yes.

Elena: 100% correct.

Eric: I want to be clear and honest on the down payment parts. It was all our parents. We put like \$1,000.

Ramit Sethi: How much did they put down?

Eric: 30,000 from Elena's parents, 25,000 from my parents.

Ramit Sethi: You guys could not afford any down payment?

Elena: No.

Eric: Not for a condo, no.

Ramit Sethi: Did that concern you?

Eric: Not currently.

Ramit Sethi: You know what? I love honest answers like that, "No, it did not concern us now." Okay, fair enough. That's honest.

Eric: I'm not going to lie too.

Ramit Sethi: I appreciate that. Listen closely because I'm about to walk you through some math here. When you buy a house, it takes years to start building any meaningful amount of equity. Now you can see this if you go to a mortgage calculator and open the amortization table. Don't bother asking your neighborhood TikTok financial expert what amortization means because they've never even heard that word.

So let me walk you through an example. Let's say you have a \$500,000 mortgage. You have a 5.5% interest rate and a 30-year loan. Your mortgage payment would be roughly 2,800 bucks a month. Again, \$500,000 mortgage, 30 years, 5.5% interest rate, your monthly payment is around \$2,800 a month. Of that payment, \$550 goes to the principal and \$2,200 goes to interest. Do you know how long it takes until you start paying more towards your mortgage versus paying more interest? October 2039, 17 years from now.

Do you understand that? In the first year, you're paying 75% of your money to interest. And some of you guys are so brainwashed. You're worried about paying someone else's mortgage, but you never stop to run a single calculation, which would tell you you're paying the bank's interest. Do you want to know how much? By the time you're finished paying that loan, you will have paid \$500,000 for the house and \$522,000 in interest.

Now you understand why I get so mad when people run around town saying all these dumb little phrases, "I don't want to pay my landlord's mortgage. I want to build equity." Learn to run one simple calculation before you make the biggest purchase of your life. And has anything broken in your condo yet?

Eric: No.

Elena: No.

Ramit Sethi: When it does, how are you going to pay for that?

Eric: I still got some savings.

Ramit Sethi: Okay. All right. This is another thing, maintenance. A good guideline is to put aside 1% of your total purchase price for maintenance. You might not have maintenance the first year, you might not even have it the second year, but the third year, you might have something big break. Eventually, you're going to need to pay for a roof repair. Or if you're in a condo, you might have your fees go up. This is money that should be set aside in advance.

Now, let's go back to this concept of paying someone's mortgage. I just have a question for you. Elena, when was the last time you ate at a restaurant?

Elena: Yesterday.

Ramit Sethi: Don't look guilty. I don't mind that you ate at a restaurant. What restaurant was it? What type of food?

Elena: It was like an all-you-can-eat sushi.

Ramit Sethi: And was it good?

Elena: I was telling Eric today some of the best I've ever had was that.

Ramit Sethi: Oh, fantastic. Do you want to plug them in? I don't mind.

Elena: No, I don't know how to pronounce the names, to be honest. I don't want to offend anyone.

Ramit Sethi: Okay, fair enough. Fair enough. So how much did this sushi meal cost you?

Elena: It cost me \$60 after the tip.

Ramit Sethi: I wish you could have seen Elena's face right here. She correctly knew that I was setting a trap, but she thought I was going to judge her for eating out at a restaurant. I don't care how much she paid for sushi. That's just another example of how Eric and Elena are focused on the wrong thing. They're so focused on thinking small that they are ignoring the humongous problem that's right in front of them. Listen in as they talk about this.

You think that I'm going to come down on you for paying 60 bucks for sushi, don't you, Elena?

Elena: Yes.

Ramit Sethi: I'm not. I don't care how much you spend on your sushi. But I just have one question for you. Didn't you feel terrible that you were paying the sushi owner's mortgage?

Elena: Whoa. Wow.

Ramit Sethi: I want to describe what's happening right now. Elena is rotating looking left and right. She looks completely in disbelief. Eric has his hand over his mouth. And he's looking up at the sky and now he's rubbing his forehead like holy shit. The two of you look completely bewildered right now. Elena, talk to me.

Elena: I never thought about it like that at all. But that's crazy. It's true. It's true. How are they paying for the rent for the restaurant if it's not me coming with my five girlfriends to pay \$60 pays for the sushi? I never thought about it like that.

Ramit Sethi: Don't you feel guilty? Don't you feel horrible that you paid their mortgage? No?

Elena: For them?

Ramit Sethi: No, why is that?

Elena: So why would I feel guilty when renting and paying someone else's mortgage if I'm more than willing to go to a sushi restaurant and pay for those?

Ramit Sethi: So interesting. Eric, what about you?

Eric: I'm thinking about the gym owner where I go to. We're helping him with 200 bucks a month for his rent.

Ramit Sethi: You got to feel terrible about that, right? Why would you pay a gym owner's mortgage? This phrase, "don't pay your landlord's mortgage" is one of the most common phrases when people talk about renting versus buying. But let's break it down. I think it's designed to make you feel resentful, angry, and indignant. Why should I pay someone else's mortgage? She's getting rich off me. Why shouldn't I get

rich? I think I'll just buy my place. The problem is that logic is very stupid. Why don't you feel guilty about paying your local restaurant owner's mortgage or the carwash down the street? Why is this argument only applied to real estate?

The answer is that this phrase has been engineered so that you feel resentful about your rent and then you go buy a house with all its transaction fees. Guess who profits. The very people who spread that phrase, the mortgage industry, the banking industry, even your nimby parents who want you to buy houses so that demand goes up, their house value goes up, and then they can turn into nimbies and restrict supply. That's for another conversation. When you go to a restaurant, you're paying for food and service. When you pay rent, you're paying for a roof over your head. It is a simple trade of money for services. Do not let the real estate industry fool you.

The two of you have been bamboozled. You got taken advantage of. You got ripped off. You got propagandized. And you know who did it? Who did it? Think back now. Who told you that you were failing at life by renting? Who told you?

Eric: Several real estate agents.

Elena: Honestly, a lot of people. My parents were not excited that we were renting and paying someone else's mortgage.

Ramit Sethi: Who else? Feel free to give full names. We'll find them. Well, double put their piles. No, don't do that. Who else? There were other people in your life.

Eric: My best friend.

Ramit Sethi: What did they say?

Eric: It's impossible to pay someone's mortgage. It's ridiculous.

Ramit Sethi: It's ridiculous. It's outrageous. Who else?

Elena: We had friends who recently purchased a pre-construction. They said if you had the money for a down payment, you might as well purchase something instead of paying rent.

Ramit Sethi: You might as well because you're going to build equity. And how about walking around Toronto? Were there any signs perhaps that said something about property? Go ahead. Tell me what they said.

Elena: We live in downtown Toronto. We live in a place where a bunch of young adults try to pay rent and there are always signs thereof, "New builds coming in this area. Purchase now. Low 500, low 800." It kind of gets to you.

Ramit Sethi: What is the implication? When you see it what do you think?

Elena: We think we can afford it. It's so easy to look at the sign. If we're the demographic that this sign is meant for, then why would we not investigate the opportunity?

Ramit Sethi: The implication is, if you rent you, are a loser. I recently posted a billboard that I saw at LAX, which said, bosses don't rent. I posted it to Instagram. And I showed people the kind of propaganda that is so present in our culture. It's become an invisible cultural script. I'm a multimillionaire boss who rents. Now, I'm going to press Eric and Elena on their logic a little more, so they start to understand what's going on here. Their financial problems are not caused by her eating out at all-you-can-eat sushi. So perhaps this house may have turned out to be a great investment. So how do you get the money?

Elena: That's a fantastic question.

Ramit Sethi: I don't know if the realtors told you that. How come they only talked about what a great investment is? They never actually told you how to get the money.

Eric: Well, eventually, you'll be able to take some equity out and then rent it out to someone, and then you can buy another one.

Ramit Sethi: Oh, right. We're already in debt. We're losing money. Let's buy another one. Yeah, that's good. That could work, but it's a different mindset and philosophy than your primary reasonings. How much taxes will you have to pay when you sell and fees, transaction fees, and all that?

Elena: When we purchased it, we had like 18,000 in fees that we had to pay. And then we're, of course, aware that when we sell, we must pay the realtors and the seller, and it's about like 25% of I don't know how much. Is it 25%? I don't even know how much it is, which shows that we shouldn't have gone into this.

Ramit Sethi: This is why I constantly tell you to run the numbers. Buying a house can make financial sense. You can even buy a house for non-financial reasons. But you absolutely must understand the numbers behind the biggest purchase of your life. I hear so many people saying my grandma bought a house in 1970 for \$100,000. She just sold it for \$900,000. She made \$800,000.

Listen closely, because I'm not going to tell granny because it would destroy her, and she only has a few years left on this earth. But the fact of the matter is that the house probably was not a great investment. First, she did not make \$800,000 because Granny forgot to factor in all the expenses she incurred over those 30, 40, and 50 years, including closing costs, interest, taxes, and maintenance. And as you heard earlier today, interest alone can more than double the price of the house. Next, even if you factor in leverage, and the cost of rent she would have paid elsewhere, it's likely that she still made less than you could make with a simple index fund.

Oh, and how about this one? How is she supposed to get the money from it? You're telling me granny wants to sell her house in the town she's lived in for 50 years and suddenly move to a worse part of the country where she knows no one else and she's going to downsize even though housing is now even more expensive? What kind of fucking investment is this? And finally, Granny still thinks she made a great investment. She believes she made \$800,000. I have seen more sophisticated math with a bunch of rats in New York City, dividing up a piece of pizza. Don't ever come to me with this horrible example. So now that we've just had this discussion, how are you both feeling about this condo?

Elena: A little embarrassed.

Ramit Sethi: Tell me more.

Eric: It's a little embarrassing for me because I've been following you for a while and I know your stance on homeownership. And I remember looking up, should you own a home? Does it make sense to own a home? Is it better if you just rent instead and invest your money and all those other things and rent forever, all those things? And I just look at those things and ignore them now. I looked at them and I was like, well, I guess my situation is okay. And we can go ahead and purchase this home and we'll just make our wealth and live our rich life by owning a condo first and then go from there.

Ramit Sethi: By the way, what is my advice about buying versus renting?

Elena: To rent.

Ramit Sethi: That's not my advice.

Eric: It's "buy" if it is something you truly, truly want and can have less than 55% of your after-tax income.

Ramit Sethi: That's closer. My advice is to run the numbers. And that advice, had you followed it would be, let's calculate how much our HOA and our taxes and transaction fees and realtor all that stuff will be and make sure that it fits within our conscious spending plan. What are you hearing as you hear this, Eric?

Eric: We ran the numbers wrongly. We did it wrong.

Ramit Sethi: How did you run the numbers?

Eric: We sat down together on my laptop, and we put some numbers in Excel and were like, well, yeah, at the current income level, we can make it paycheck to paycheck. We just won't be saving money for a while. But that's okay because we'll build equity. Eventually, I'll get a promotion, and then we'll have more money.

Ramit Sethi: Can I ask you a question? When you sat down for that conversation to run the numbers, were you trying to prove that you could buy the house? Were you trying to convince each other?

Eric: Yes.

Ramit Sethi: Yeah, that's not running the numbers. That's just using Excel to tell you what you want it to tell you. When you run the numbers, here are some good guidelines. Your total housing costs ideally should not exceed 28% of your gross monthly income. Total means you include taxes, interest, insurance, furniture, maintenance, and even for the roof that might break 12 years from now. A simple guideline for that maintenance is 1% of your purchase price every year. Again, that total housing costs should be less than 28% of your gross.

And total housing costs plus total debt load should be lower than 36%. That's the 28/36 rule. When you factor those in, you should also be able to save 5 to 10% of your take-home pay and invest roughly 10% of your take-home pay.

And remember, you can tweak these numbers if you want, especially if you live in a high-cost-of-living area. But these are guidelines, they're conservative, and they will prevent you from getting into situations like Eric and Elena losing money every single month. And one more thing, I have a program called the rich life system, which helps you take all the stuff you're spending money on and put it into a system. This will help you make sure that you are saving enough every month, and that you are investing enough every month. It will help you focus on spending money guilt-free.

Can I tell you something? Elena, it's interesting that in our conversation today and in the pre-interview that you did with my colleague, you spent a lot of time talking about festivals a lot. "Oh my gosh, I love our festivals and I don't want to stop my festivals." And even when we started talking about sushi, you had this embarrassed look like you were so nervous about me talking about sushi. But do you know what? Those are not the real problems here.

Elena: I'm starting to learn that.

Ramit Sethi: It's not sushi and it's not even the festivals. You've been playing small, and you've been focusing on the wrong thing. You can stop going to sushi for the rest of the year. It's not going to change your finances. And you can even cut back on 50% of your festivals, which I doubt either of you are going to do, and it would not change your financial life. Let me just give you some context. In my conscious spending plan, you both filled it out. And for fixed costs, I recommend 50 to 60% of take-home pay. Do you know how much you're spending on your fixed costs right now?

Elena: Over 80.

Ramit Sethi: 88%. It is way too high. It is crystal clear why you can't afford to save, invest, or even go on some of the stuff that you want to do.

This is the actual problem, their housing costs, not the sushi, not the festivals, not even the \$722 a month that they're paying for their transportation cost, it is their housing cost. What's worse, they're not putting anything aside for what happens when something in their condo inevitably breaks. That is a disastrous scenario. There's something I want to highlight for you. Eric and Elena have an especially interesting situation. Remember how I gave you that guideline of spending less than 28% of your gross income on total housing costs? They hit that number exactly. They're at 28.6%.

The problem is they also have other high expenses, including eating out festivals and a car payment. But here's the reality, they are not going to change those things. No matter what I tell them, they are not going to cut back on festivals. It doesn't matter that I showed them they're going to run out of money in two years. It doesn't matter that they're saving nothing. They are not going to stop going to those festivals because they love them. That's reality. And that's fine with me. I'll deal with reality. Reality says it's easier to make one big change, like rethinking their condo ownership than lots of medium sized changes such as cutting back on lattes and eating out and getting a cheaper car. Realistically, do you think they would do that? No. They even told me that. My only chance at helping them is to focus on the condo.

You mentioned that you bought this condo because you believed it would be forced savings for you. What has happened?

Elena: We're getting fucked.

Ramit Sethi: You know what? I started a while ago. I was like, we got to be honest in our rich life, honest with ourselves. Now we're being honest. All right, look, we can laugh. All right, it doesn't all have to be dreary. Yeah, there's some shit. We must figure this out. But at least we're being honest about what's going on here. So where do you both want to go from here?

Elena: I think we really thought at the beginning that in the worst case, we're going to have a lifestyle change. And I think we've come to realize we are in the worst case right now. We need some kind of change to happen, either, where we can, remove the personal training, remove the gym memberships. We need to do something. And I think we both thought we weren't in a spot where we had to act on something urgently, but I think you're making at least me realize that we must get our shit together and be adults.

Ramit Sethi: Notice that Elena is still thinking small. She thinks making incremental changes will fix this. But the fact is, if that would have helped, they would have done it already. Deep down, Elena is still hiding from the reality of what needs to be done. Try to think about her psychology. What do you think is causing her to focus on tiny things like gym memberships? And while you think about that, let's hear from Eric.

Eric: I'm wondering if we must sell the condo. I'm wondering if we need to take this as a lesson learned as we got taken by the wave and take it as like it happened and get out of it and then restart, but restart at least from a decent position, not restart in the red position.

Ramit Sethi: Why don't you two talk to each other? I'll just listen.

Elena: I don't think we're going to sell the condo. As much as you don't want to hear, we honestly both went into this call being like, we support our condo decision. This was the right thing for us. And I think we've realized some things, but I don't think the solution is necessarily to sell the condo. Do you think we should try to sell this condo?

Eric: I mean, you've heard what he said before, right? So you can stop going to sushi, you can cut out 50% of your music festivals, which I doubt that we will, I just don't know if us cutting out all of these expenses and I hate— I think I'd rather take the hits and take the embarrassment of running with this and

being taken by the way that we can buy this condo, maybe it's worth it to us to have the shorter term, harsh pain of like, we'll have to face the parents and our friend's parents and admit that we've made the mistake. There'll be consequences and whatnot for this, but I almost feel like that would be a much quicker, even not less painful, but quicker solution to get to a restart.

Elena: I mean, I'm a little speechless. I feel like this was something we were so confident about. And it was a huge step we took together for our future. It's all hard to hear. I love this place. We just did so much for it. I see where you're coming from, I completely see it. It's logical. My heart just doesn't want to let go of it. No. And then I also think like, eventually, we will need to buy something.

We're going to have kids or whatever it is. And I fear that the prices are just going to keep going up. And that's honestly my worry, are we even going to be able to afford something later? If our two-bedroom condo has already gone up to 100,000 when we purchased that, I don't even want to imagine what it would be like to purchase in three years, or four years, or five years, whatever it is.

Ramit Sethi: Elena.

Elena: It worries me a little bit.

Ramit Sethi: Elena, you can't afford this condo right now. I understand everything you said. And I think beyond the math and the logic, the thing is the two of you did it together. You built this together. You went through the process. You had that meeting and you talked to your parents. It's almost like tearing something down that the two of you build together. That's hard. I'm not going to tell you; you have to do it. It's your money. You must decide for yourself. Again, I'm not telling you, you must sell. But I'm telling you, you're going to go broke in two years.

Isn't this fascinating? First, Eric and Elena came to me confident. We can't find advice for people like us, people who are doing well and want to do better. Then we quickly discovered that they're making \$160,000 a year, and they're living paycheck to paycheck. And what's worse, they're losing money every single month. They're two years away from being broke. Then we spent a lot of time talking about sushi and all these tiny expenses that were not the main problem. They spend a lot on festivals, but they are not going to change it. Fine.

And finally, we started talking about their condo. And you can almost hear the floodgates open. The condo is more than just a roof. The condo represents almost a religious belief on what success should be for the two of them. The problem is they can't afford it. What are they going to do? In part 2 of this episode, you will hear them confront the reality of what they are facing. And Eric and Elena will finally get real.

Podcast Episode 50: Maybe buying this condo was a mistake (Part 2)

Synopsis: In part 2 of Elena and Eric's story, we learn about the deep emotional ties that Elena associates with the condo that's draining their savings account—and why she's so anxious about outside opinions in the event they decide to sell it.

To recap, they're 25 and make \$160k per year combined. They love to go to music festivals and bought a condo (with a down payment gift from their parents) about seven months ago. "Society" tells them that's great, so they think they're doing great.

They're not. Between transaction fees, mortgage, and maintenance, the purchase has bombarded them with phantom costs that require them to spend \$2,000 a month from their savings to stay above water. At this rate, they will be broke in two years.

No amount of cutting back on sushi or music festivals will solve this problem. This one's all about money psychology. Eric and Elena have some tall emotional hurdles to get over before they can make the right decision and stand confidently in their truth to outsiders. Listen in to see if they can commit to selling their home and living their Rich Life.

Podcast Transcript:

Ramit Sethi: Welcome to part 2 of my conversation with Eric and Elena. As a quick refresher, they came to me telling me we look for financial advice, but most of it's for beginners. We're already doing well. We're looking for advanced stuff. And they believed that their problem was they spent too much money going to music festivals.

Well, I looked at their finances. In the last episode, it was revealed that they are living paycheck to paycheck. And what's worse, they're losing money every single month, and no amount of sushi or even festivals would change that. And what's more, they don't want to give up the festivals.

We discovered that their condo is costing them way more than they thought. They bought the condo using a big down payment with help from their parents. They didn't have enough for it. And it turns out that they are spending over \$2,000 more than they were when they were renting. They're spending too much on their condo relative to what they thought. And this is causing them a lot of problems.

Why'd they do it? They did it because so many of us believe we must buy a house. They thought that they were throwing money away from rent. They believed all the realtors and parents who told us that you must buy a house, otherwise, you're just a poor renter. And so today, in part 2 of this conversation, we're starting to grapple with what would happen if they sold the condo.

Turns out the condo is much more than just a place to live for them. It's something that they built together. Elena even admitted that they both agreed to keep the condo before they got on this call with me. Think about what this means for her. Think about what this means for them.

The most important things in our lives typically transcend dollars. Yet here I am suggesting the very thing she loves, the very thing that represents their relationship to her might not be the right decision for them. So today, we're going to grapple with money psychology, money emotions, and peer pressure to keep a house because, of course, we are told over and over that you must buy a house. It's the greatest investment of all. Now as we go through today's episode, I will be talking about some of their numbers. We used a conscious spending plan. Let's get into it.

Eric: I'm wondering if we must sell the condo. I'm wondering if we need to take this as a lesson learned as we got taken by the wave and take it as it happened get out of it and then restart.

Elena: I don't think we're going to sell the condo. As much as you don't want to hear, we honestly both went into this call being like, we support our condo decision. This was the right thing for us. And I think we've realized some things. But I don't think the solution is necessarily to sell the condo. Do you think we should try to sell this condo?

Eric: I mean, you heard what he said before, right? It's like you can stop going to sushi, you can cut out 50% of your music festivals, which I doubt that we will, I just don't know if we cutting out all these expenses— and I think I'd rather take the hits and take the embarrassment of running with this.

Elena: I mean, I'm a little speechless. I feel like this was something we were so confident about. And it was a huge step we took together for our future. It's all hard to hear. I love this place. We just did so much for it.

Eric: I think that we could build something together. And I think we didn't build this condo; in a way we didn't build to get to this condo. And I feel like we would minimize ourselves and cocoon ourselves if we continued this way, and we would have to just take stuff out rather than add on to our life. And I think there is a chance that if we do come to the decision together to sell, we could maybe build something massive and be in a position where we can just buy the right house for us.

Ramit Sethi: Can I pause you both here? Can I just pause you? I just want to point something out. It feels like both of you are trying to convince the other person of your perspective. Have you noticed that dynamic?

Eric: Yeah.

Ramit Sethi: And is there another dynamic we could use right now?

Elena: Talking about how we feel about it.

Ramit Sethi: Let's try that.

Elena: You feel we could build something?

Eric: Yes. And I feel that I can help you and I can support you in all the conversations that we're going to be having with different people.

Elena: I think that'd be essential is that support at that time, for me at least.

Eric: Yeah.

Ramit Sethi: Eric, do you want to ask Elena anything?

Eric: What's your biggest fear?

Elena: I think I have two fears. I think one of them is the fear that what if this was a good investment and it's going to increase so much in the next few years, and we're stupid for selling it now? That's one of my fears is we don't know how much it's going to go up by. My other fear is the people around us, what they're going to feel about it, how they're going to look at us because we did that. It worries me a little bit. I don't think we'd hear the end of it ever. And I think it'd be once we do decide to purchase again, we'd have everybody breathing down our neck.

And it'd be hard, honestly. Because I feel like everybody, we say that we own a place, they're like, oh, my god, that's amazing. That's such a great step. That's such a great step towards your financial future. And I think for us to sell it, it would be like, whoa, what happened? Why would you sell that? That's not a smart idea. When are you going to purchase it again? The prices are going to go up. I think there's going to be a lot of backlash; at least for a short amount of time from friends. But I think from my parents, you'll never hear the end of it.

Ramit Sethi: Okay, I get it. People listening are going to say, why would you care what other people think? Guys, all of us care what other people think. We are social animals. If you're listening to this judging Elena right now, you would probably be in the same situation if you made a life-altering decision that everyone around you could see and everyone around you felt strongly about.

We're not talking about strangers on the street. We're talking about Elena's close friends and family. These are the people she sees at birthday parties, and holidays all the time. How would you feel if you knew that every time you saw them, they were going to ask you, why did you choose to rent again? What were you thinking?

These barriers are significant. They're not frivolous. They prevent us from making big changes in our lives because we are concerned about what other people will say. And that's real. It's not something to be ashamed of or judged. It's real. The best way to handle this is not to avoid it, in my opinion, it is to become knowledgeable and strong enough to have a confident answer if somebody asks us. But first, we've got to be honest that this is something that affects us.

Elena: I think that's going to be the hard part is going backward, or at least in society's point of view, going backward. I think that's what I'm struggling with. But I'm also very known to not give a shit about what people think, and I don't know why this area specifically bothers me so much. Because in other areas I don't mind if my parents don't approve of it, or our friends don't like it or whatever it is. I think this is just such a big thing. And we're going against everybody's advice. And I think that is hard for me right now.

Eric: I don't think we're going against everyone's advice.

Ramit Sethi: Hold on, Eric. I just want to point out you're about to try to convince her. But are you curious? I'm very curious why. She's mentioned in other parts of life I don't give a shit. But for some reason in this part of life, I do care. Are you curious why?

Eric: Yes.

Ramit Sethi: Ask her.

Eric: Why is it this thing in particular? Why is it our condo?

Elena: I think it's because it's that. It's because it's our condo. Because we didn't get married. We don't have kids. This is an indication of something that's ours. I think that's why it's harder. And it's a little difficult.

Ramit Sethi: Ask another question.

Eric: I'm trying.

Ramit Sethi: I saw you. You did a great job. You're about to launch into some monologue. Nobody wants to hear it. She's saying something so important.

Eric: Do you think our finances are ours? Do think that our bank accounts are ours?

Ramit Sethi: It's a clumsy question from Eric, but I don't mind. At least he's trying. The real insight here is that most partners just don't ask enough questions. When I hear these conversations, I notice that most of you either explain to your partner, that's what you love to do—explain— or you constantly complain and spin about all the things that worry you about money.

These are toxic patterns. You got to stop that shit. Do you want to see how you stack up? Create a little document. And the next time you and your partner talk about money, make a little green check mark each time the other person asks a question. I guarantee you will be shocked at what you discover.

Elena: Yeah, I mean, we have our accounts. We also have our account, and we can build on our accounts. Instead of looking at it as our condo, we can look at it as our investments or our savings, and still have that be a representation of the steps we're taking towards our future together. It doesn't have to be a condo itself.

Ramit Sethi: Can I ask you a couple of questions about that? Because it sounds like this is important to you, and the people around you. And I understand that. Are the people who would be the loudest, are they in a financial situation you admire?

Elena: Not particularly admire, I think they just do what they can.

Ramit Sethi: You have people who are not in a situation you admire, who would be pressuring you to do something that they think is best, but causes you to lose money every month? How would you want to consider their advice?

Elena: Honestly, I think I would still regard their advice highly. Even though I don't admire the position they're in, I think, because I love them and they're such a huge part of my life, I would find it hard to believe they would steer me wrong. If they believe it's a good idea, then I will still listen to it. And that might be naive and not smart and not logical, but I value the people in our lives.

Ramit Sethi: Let's recap. In part 1, Eric and Elena came on the call telling me they were looking for advanced advice. We walked through their love of music festivals, and I told them, I'm not going to stop you going to festivals. I know you're not going to stop going anyway. I'm not going to take that away from you. It's your money. We got real by talking about the numbers that they filled out in the conscious spending plan. And I pointed out that they are two years away from going broke. Then and only then did we start talking about the real issue— their condo. And that's caught them totally off guard.

So now we have a lot of work to do to talk about all the issues surrounding the condo, including what other people would think if they sold it. And that's exactly where we are right now. It's almost like they came in to buy a sports car, but I gently pointed out that they need a minivan, and they are, "Really?" because it's not what they expected to talk about. Now we must talk about everything around buying a minivan, how it will affect their finances, what it will mean to drive a minivan, and what people will think. These ancillary concerns are important. If we leave them unaddressed, people will not change.

To help Eric and Elena make the right decision for them, I must walk them through each step of their decision, even if it seems foolish or unimportant. I'm going to help Elena unpack some of her emotions around this decision to understand why she cares so much about what other people think. And you'll notice half of what I'm doing here is just asking questions, and hopefully, trying to figure out what she's thinking and feeling about this decision.

I think you can value the people in your life, but not necessarily agree with all their advice. Do you understand why your parents believe so strongly in homeownership?

Elena: I think it's because they purchased their home such a long time ago, and it's like five times its value. And for them, it's really like, we sell this house and we're fine. And they are. They'd like to have a lot of money and be fine. I think that's why. We're of the same idea. It's if shit hits the fan, we sell this condo and we're going to be okay, and we'll start over. And I just didn't think I'd be in a position where seven months into owning a condo, I'd even be thinking about selling it.

Ramit Sethi: Can I point out a couple of things? When your parents were growing up and when they bought their house, do you know approximately how much they made?

Elena: I think probably just my salary, and my mom didn't even work. I think there, yeah.

Ramit Sethi: At 60k they bought a house sounds like on one income and they were able to make it work. Just out of curiosity, the two of you living in Toronto, could you buy an equivalent type of condo or house on a single salary of 60k? No, of course not. And even corrected for inflation, could you? No. Times are different. Housing is unaffordable. Toronto and Canada are insane. We know that. They are telling you what worked for them operating off a playbook that's 40 years old.

Elena: Yes, it's worth it to talk about it now and look at it as a possibility, but I think I would still need a few nights to come to terms with it, to not think with my heart as much, to think more with my brain. I very much get emotionally charged and I'm like, we'll come back to it. We'll come back to it because I feel like I don't say the right things when I'm emotionally charged. I don't think logically when I'm very emotional. I'm very open to your action, or what you think we should do. Or what do you think would be best for us?

Ramit Sethi: Let me highlight a few things that caught my attention in this last conversation with Elena. First, her idea is that logical conversations are opposed to emotional conversations. And in her words, that logic is better. I disagree. I think we glamorize logic, and we stigmatize emotions. But we all use emotions with money. Why not acknowledge it? This is why I get so mad at those guys who buy a \$75,000 truck they can't afford to drive on flat roads to their job in an office building yet those same guys scoff at someone buying a Louis Vuitton handbag.

We almost weaponize emotions in our culture, like they're a sign of weakness. But emotions are real, and emotions are valuable. Of course, logic matters too. Math matters. For the biggest purchase of your life, you better understand how those numbers work. Otherwise, you're just hoping and praying things will work out.

Homeownership is not a religion. It's a fucking financial purchase. Treat it accordingly. In other words, it's okay to feel like you want a house. That's fine. But you also need to pair it with numbers. It's also fine to start with logic, here's what the numbers tell us. But you also must acknowledge how you feel about a purchase or a decision.

Second, let me emphasize that the advice from your parents might make sense today. It might have made sense back then, but it also might not make sense today. A lot of you have parents who are pressuring you to buy a house. Go and have a little fun. Go ask them what it cost to buy that house back then. Ask them how much they were making. Ask them how they live on that kind of income. And how did they pay for kids to go to school and activities and save money in their 401k? Oh, they didn't have a 401k. They only had a pension. Oh, how interesting.

The reason actions will be hilarious. First, they'll start with an enthusiastic yes, they're proud they could buy a house on a modest income. And then as you start to probe a little bit more, they might get a little quieter. Like if you ask them, hey, Mom, hey, Dad, if a house in our neighborhood costs \$600,000, and I make \$75,000, how would you suggest I pay for it on one income?

I don't know, maybe you shouldn't use this podcast to launch a verbal trap on your parents. But I'm sharing this to show you how to put people's advice in context. Your parents lived in a different time with different financial circumstances. Evaluate their advice accordingly. Same for all these dumb billboards you see on the side of the road saying you must buy and if you don't, you're a loser. Put the advice in context and understand the numbers. Now, let me help Elena start to focus on their future.

Would it help if we painted a picture of what the future looks like? Let's go through a couple of different scenarios. And you painted it for me. I'd like to hear what you think. Elena let's go through an amazing scenario. You keep the condo, and things work out great. Within two years, what would that look like?

Elena: If things would go great and we still had the condo, that would mean that we'd be saving something, so managing to put something into savings. And I mean, hopefully still traveling as much as we can. But I know that if we're putting stuff into savings, that means that we are cutting out other areas of our lives that we both don't want to cut out of. I'm not sure. Honestly, I'm still a little speechless at the thought of selling it. I'm not sure how to properly answer your question right now.

Ramit Sethi: Let's take it step by step. Two years from now, you have the condo, and you're able to put more money into savings and investments, how would it work? How would you do that?

Elena: I think we would need to be very firm with ourselves. I think the only way we're going to put money aside is by cutting things out. It must be one trip a year and pick whatever trip matters most to us that year. And that would save us a shit ton of money that we could put aside.

Ramit Sethi: Out of curiosity, how many trips do you have booked for the rest of this year?

Elena: This year, we have about—so July, June, August, September, November—five trips. And we already had one earlier.

Ramit Sethi: Okay. Oh, sorry. When will you cancel all five of those?

Elena: We wouldn't be able to cancel it. A lot of it is nonrefundable. It would be one of those things like I'll start my diet on Monday, where it's like you need to do something now about it.

Ramit Sethi: Do you believe that? Do you believe that you will start your diet next year?

Elena: I think it'd be hard, and not something we want to do. But you're going to have to do things you don't want to do sometimes.

Ramit Sethi: Notice that subtle psychological tell. She shifted from talking about herself using "I" to "You're going to have to do things you don't want to do sometimes." In other words, talking about someone else. Deep down, Elena knows that she won't start any kind of financial diet next year. You have five festivals for the rest of the year. You already locked in some prices, but you can still cancel them. You'll still save money. You'll save money on Uber; you'll save money on flights. So, you have to cancel five of them. Are you ready to do that?

Elena: Maybe not five, maybe three.

Ramit Sethi: But you told me in your vision that you can go to one festival per year. You already went to one, so it's time to cancel all five according to your vision.

Elena: Yeah.

Ramit Sethi: So, should we just cancel them right now?

Elena: If canceling them means we keep the condo, I'd be open to it. I love this condo so much that I'd be okay putting aside some of these interests. But it's also hard. I'm saying this from a very emotionally charged moment. So, I don't know. If push came to shove and right now, you're like cancel the five festivals or sell your condo, I would cancel the five festivals. But I don't know. It's a very hard thing for me to think about.

Ramit Sethi: Eric, you want to weigh in here?

Eric: I want to talk to Elena and have a serious discussion about what our next steps should be here. It's becoming more and more clear to me. I wouldn't want to cancel the festivals. I'd sell the condo first before canceling the festivals personally.

Ramit Sethi: You two don't need to, quote "get serious." That's just words. What does it mean, "We got to get serious"? Nothing. It's just words. Do you know what you two need? You need a system. You need a rich life vision, what are we working towards? What do we want? Do we want five festivals a year? Awesome. Let's write it down. And we will commit to going to five festivals. And when we go, we already

planned for it, so we are guilt-free. Oh, we want the extra drinks or whatever. I don't know. I don't go this EDM shit. Get whatever. Great. Guilt-free. Where else do you want your money to be going besides rent and festivals? Where else?

Eric: Investments.

Ramit Sethi: Yes. And you have a number, a percentage. The conscious spending plan, what does it recommend?

Elena: 10.

Ramit Sethi: Yeah, 10% of take-home pay. You can adjust it. You could make it nine. At your age, boy, if you walk away with 30 grand or so after all the fees and transactions and all that stuff, maybe you could put that in your investment account, put 20k, maybe put 25k, take 5k, go have a great time. Okay, wow, that would boost some stuff up, catch up for not investing for a while. So, you don't need to just quote "Get serious." That's just a word. You need to build a system so your money is automatically going to the places it needs to go. That's how you build wealth. Less effort, less guilt, more results.

You guys, stop it with this "get serious" shit. Stop it with this, "we need to have a conversation." Those are just words. You need a system. Anything else is a waste of time and is doomed to failure. This is one of the core tenets of I Will Teach You to Be Rich—systems over intentions. That's why I have a rich life system.

It shows you exactly what to do with your money, how to afford the dream vacation you want to take at the end of this year, and how to see if you can afford a house when you can buy a car. It helps you put your system together. Now, this was a big breakthrough for both. Elena is starting to think in terms of tradeoffs now, which is very good. I'm going to invite them to imagine a rich life that better fits the season of life they are currently in. Listen to it.

How old are you both?

Eric: 25.

Ramit Sethi: 25 years old. I believe there are seasons in life. When I was 25, I was out on Taco Tuesdays. I was just out with my friends. That's what I wanted to do. If somebody came in here and told me, you shouldn't go out with your friends. I'd be like, fuck off. This is what I want to do. And I want to do it a lot. Okay, 30s in New York, going out, having fun, traveling more. That was my season of life. If somebody told me again, I would have told them, I don't want to listen to your advice. I like going out. What season of life are you both in right now?

Eric: Going out.

Elena: Yeah.

Eric: Significantly amplified by the fact that we didn't go out for two years.

Elena: I completely agree. We're constantly in between this, we're young now and we should live life and we should save. That's always the debate for us.

Ramit Sethi: But you're not saving.

Elena: Like we're 25 and we have the rest of our lives.

Ramit Sethi: But you're not saving.

Elena: It got us to this point. We're not because we're going out, because we're young, 25, fit, and ready to take on three days of standing and listening to a DJ.

Ramit Sethi: Hold on. Hold on. You could do that. You can go out. You make \$160,000 a year. You can go out and save and invest. You can do all of that, set yourself up to get married and have kids. But you can't do it with these condo expenses. The two of you can be millionaires if you want to. It's not hard. It just takes discipline, time, and automation.

But if you're losing over \$1,000 a month, you can't do it. Two, you're going broke. There's a phrase we use IWT, sometimes we try to be 40 before we're 40. And I like thinking long-term. I like planning. Yes, but sometimes we try to be 40 before we're 40. In business, we try to set up all these fancy legal structures. It's like, you just need to find some people who want to pay you money. You don't need an expensive lawyer right now. And in personal finance, sometimes we try to do all these complicated things when it just doesn't fit our lifestyle yet.

It's up to you two to decide. But I can tell you that that's the vibe I'm getting. I mean, the time that you get happy is when you talk about going to festivals. That was in the first one minute of us talking. I said, great. If you love festivals, then we're going to keep festivals, that's okay with me. But we must be honest about what we are willing to do and what type of lifestyle we want to live. You're out of money two years from now.

I never want people to have to make money decisions with their backs against the wall. Sometimes it happens. Maybe you lost a job, ill parent, whatever, but I hate it. It provides very bad outcomes. So, a decision like this is better preventatively than having to do it when things are dire. Now play it out for me if you don't own the condo, and things go well. What does it mean to you? What does life look like?

Elena: If we don't own the condo and things go well, that means we're renting, we're traveling probably more than five times a year, we have some steady flow of income, that aside from our savings, we still have something left over. And things are nice and more like the lifestyle that we're living now in the sense of like being 25, wanting to go out and living life.

Ramit Sethi: How often are you checking your accounts? Because you're saving thousands and investing thousands every single month? How often are you checking your accounts in that situation, Elena?

Elena: Ideally, I don't even think we'd be checking. I think it would all be automated. And our credit cards would be paid for directly from our checking. And I check it once a month to make sure everything is done properly.

Ramit Sethi: Very good. That sounds pretty good to me. Everything Elena just said sounds like the kind of rich life she wants to be living. So, let's talk next steps. Is it possible for them to make this a reality? This is a key. What do you say to them? You can't go in there like this, "We ran our numbers. And anyway, I think it's a good decision for us. What do you think?" None of that shit? Elena, how would you say if somebody asked you why you are selling this place and renting? What would your body language and tone be?

Elena: For us the best decision was to rent. I don't feel like I would need to justify more than that.

Ramit Sethi: Love it.

Elena: It's a decision between both of us. And are you living with us? No.

Ramit Sethi: Ah, where did this confidence come from? It's so good. I love that. Again, go through the process. Make sure that you both feel it and you know it because you ran the numbers. Nobody can argue. And of course, no one even has the right to argue with you because if you want to decide that's different than who gives a shit. It's your decision. It's your money.

What I'm doing here is something called inoculation. Remember in the '80s, they would ask kids, if your friend tells you to smoke, what would you say? What they were doing was teaching those kids how to come up with counterarguments against something that they would one day face. That's inoculation. In part 1 of this conversation, we learned that Eric and Elena are petrified of what everyone around them will say. And I love their kinder.

Most of us are nervous, or even deeply fearful of what other people will say about our unconventional money decisions. Well, at least Eric and Elena are honest about that. When I teach people to start a business through earnable, we spend a lot of time talking about how to handle the pressures of people around them saying, why are you starting a business? You should just be lucky to have a job. And when I help people make an unconventional money decision, inevitably, they finally admit that they are worried about what people will say. This is a normal reaction to us being human. And being able to plan how you're going to react, well, that's a skill you can learn.

If you had run the numbers, Elena, and realized what this condo would cost you, would you have bought it?

Elena: The logical answer is no. But I think when we did run the numbers, which we did, I mean kind of, but when we did write it all down on paper, we saw that the maintenance was this much, and this was the amount for rent, we saw that we weren't going to be saving. And knowing the fact that we weren't going to be saving, we still went ahead and purchased the condo. So, I think now seeing it from this perspective of, this condo is just sucking even more money out of us than we thought it would, looking back at it, if I was in that specific moment, probably not. And it sucks. And it's embarrassing to think that we just made a \$770,000 mistake.

Ramit Sethi: You did incorrectly run the numbers, fine. You had good intentions, also fine. But if you walk out of here with like 30k in profit, I don't know, I'm not crying tears for the two of you, oh, boohoo, these mid-20s festival lovers walked out with 30k after a year, no, you need to flip the entire concept here. If you walk in and you're like, how do I explain this really bad decision? You're playing defense. You're playing as if you lost. But you could just as easily say, okay, we learned something valuable. And we were fortunate enough to make a profit from this lesson. Wow.

So, here's another thing you could say. You can say, you know what? We loved the condo, but we realized when we ran the numbers after accounting for all our expenses that it made better financial sense for us to rent and invest our money elsewhere. Now the only people who can argue is they're going to say, real estate is the best investment ever. These fucking realtors are going to be telling, oh, what do you mean? Real estate only goes up. Real estate goes up and real estate goes down. Things don't just go up.

So let them say what they're going to say. They believe real estate is the greatest. You know how many people have told me over the last 15 years that renting is stupid. I'm throwing money away in rent. What about equity? And guess what? I made more money renting and investing the difference than I ever would have made owning in San Francisco, LA, or New York. Let them say what they're going to say. Elena finally understands the severity of the situation they are in. Listen to her gradual change in tone as she finally connects all the dots from her past, present, and future. What has surprised you most on today's call?

Elena: I think what surprised me most was just how in like two hours, just how quickly my mind could change. As much as at the beginning I'm like, I love this condo, we're not getting rid of it, it's a great investment, my mind is changing about it. Of what are we prioritizing? Are we prioritizing a mortgage? Are we going to prioritize the fact that we are young, and we'd love to travel, and we'd love to do these things, just realized that I don't feel like we're rock bottom. I feel like we still have quite a bit of room to make the changes. We are still 25 and we own a condo. We can sell it and start over.

And I think that's what surprised me most. I don't feel like this is detrimental. I think we're getting there. I think even this conversation is such an indication of that. Why do we need to put ourselves in an uncomfortable financial position now when now should be the time that we're making 160k and living life like we're making 160k? So, I think what is it going to take to change my perspective that this condo is the representation to everybody of what we have? Maybe it wasn't a smart investment. And maybe we are a

little embarrassed, but that doesn't mean that it's the end of the world right now. And it could be right for some people, but I think for us, unfortunately now it's not the best.

Eric: We're realizing this together and that we're coming to this point of like it did happen. I feel like this is almost like one of the best-case scenarios to be bamboozled, like, damn, we bought a 600,000 condo, now it's 700,000. We even made a little money out of a mistake.

Ramit Sethi: Outstanding. First off, I don't want you to make any rapid decisions. Rapid decisions are what got you here. I want you to slow everything down. I want you both to feel comfortable with whatever decision you make. It's your decision. You two must be thoughtful before you make it. Run your numbers carefully, and you must be rock solid with each other. You two are a team.

Right now, you're living together, you own something together, and eventually, you'll be married. It's going to be you against the world sometimes, maybe your parenting style, maybe where you choose to send your kids to school, where you vacation, or the way you dress or decorate, whatever. You're going to start doing something unconventional.

Well, you already do this festival thing. It's unconventional. I'm sure some people are like, that's so foolish. So, you must find a way for the two of you to get united. This is us. We're confident about this. You probably want to find some renter friends who are like, oh, yeah, we rent on purpose because it makes no fucking sense for us.

I enjoyed speaking with Eric and Elena. For years, I've been telling people that real estate is not always the greatest investment, and to run the numbers before you buy a house, particularly as your primary residence. But I rarely get a chance to speak with a couple that perfectly exemplifies this. Eric and Elena are young.

They have things that they want to do right now in this season of life. They want to go to music festivals. I don't find that frivolous. I think it's awesome. They have something they love. But where they have chosen to spend their money does not line up with their core values. They are not living a rich life based on where they are spending their time and money. So, it's important to recognize the season of life you're in and to use your money to support that lifestyle, even use it extravagantly. That's how you use money to create joy.

Now I received a follow-up from Eric and Elena after I spoke with them. Here's an excerpt from what Elena said. It's one of my favorite excerpts I have ever read on the show. She said, "This idea that was engraved in my mind before was that we need to make lifestyle changes to afford our condo. My perspective now is we need to make changes to our living arrangements to afford our lifestyle." Did you hear that?

Instead of letting the tail wag the dog and deciding we need to buy a house and then whatever's left over, we'll use it to live our life, she flipped it. We're going to use our money to live the rich life we want and if a house happens to fit in there, great, if not, also great. Our rich life comes first. A few days later, she emailed me again and said that they'd scheduled a meeting with their realtor to discuss selling the condo.