

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 has to 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 out with the small stuff anymore.

Either Ilan has to let Alyssa take more responsibility for the business or he has to 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 as a result 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 are quickly realizing 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, 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. 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, 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: Ashley, 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 Chanta 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"?

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.

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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 dial 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 unlikable 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.

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, bro, 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 Jacques 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 \$10,000 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 advisers 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 unrelatable 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 unrelatable, 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, 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 heartbreaking 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 AirPods 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 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.

Podcast Episode 22: I'm quitting my job, but I'm worried my husband doesn't support me

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 on 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 cliché to say quality time?

Ramit Sethi: No, it's not cliché, 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?