

**I Will Teach You To Be Rich Episode 42:**  
**Nicole and Michael**

**Ramit Sethi:** [00:00:04] What's the worst case scenario for your relationship with Michael?

**Nicole:** [00:00:08] That we got divorced.

**Ramit Sethi:** [00:00:09] How likely do you think that is right now?

**Nicole:** [00:00:11] Well, it's definitely not unlikely. I would say 50 percent chance.

**Michael:** [00:00:17] It changes daily, but we're about \$5.7 million in our net worth.

**Ramit Sethi:** [00:00:21] \$5.7 million and arguing over \$700 difference for your car.

**Michael:** [00:00:29] That's correct.

[Narration]

**Ramit Sethi:** [00:00:31] What would make a couple argue over the price of a car repair when they're worth over \$5.7 million? Don't scoff. If you're listening to this podcast and you're following my advice, you'll likely end up in a similar situation one day. You're going to have a lot of money, but you probably won't have built the skills to learn how to spend it.

Today's guests are Nicole and Michael, both in their 30s. In their relationship, Michael wants to use the money that they've saved. Despite having millions, Nicole is stressed about money. You'll hear it in her voice. You'll hear it in how she talks about money. And you'll especially hear it towards the end of the episode.

I wanted to talk to this couple because these examples are not shared enough. In our society, we are so focused on people who do not have money, and rightfully so. A lot of people are struggling. But in our society you'll notice that everyone teaches you how to save but nobody teaches you how to spend. Everyone proclaims the virtues of having enough. But nobody shows you what to do when you have enough. That's what I'm going to cover in today's episode of I Will Teach You to Be Rich. I'm Ramit Sethi.

[Interview]

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**Michael:** [00:02:02] We have a car. It's not an exceptionally new car or anything else like that. It's an old 2012 Nissan SUV. Three weeks ago, I went and got some maintenance done. So, I talked to the mechanic and they said, "We can get you a replacement part from a less damaged vehicle and we can replace that, and not charge you for the part, and only charge you for the labor." And I thought, "Okay." So, it's \$124 versus \$800 to do the part properly on the car. And I thought, "Well, I'll ask Nicole." And she said, "Yeah, that makes sense."

Then, back in my mind, I keep thinking, "Well, I drive my family around in this vehicle, wife, kids, myself. It's \$800, I mean, I might as well just spend the money on fixing the vehicle properly. It's an older vehicle already. I don't really want to roll the dice." So, that's been frustrating. So, what we did was we just did the short term fix and we kind of agreed to rehash it later on down the road.

I called her when I was there and I just said, "Look, you know, I've spoken to the mechanic, the cost to replace this would be about 800 bucks. And it was a nonstarter."

**Ramit Sethi:** [00:03:02] What did she say?

**Michael:** [00:03:03] "That's ridiculous." I think they were near that words where that was ridiculous and do we need to do it. And I said, "Well, I think we should." But then, I said, "Well, we have an option. And they said the option is to spend \$124." And I think her reaction to that was that was a lot of money as well. Literally, the tire was practically about to fall off at that point and it was not safe to operate the vehicle. I can't even believe I actually drove it to the mechanic.

**Ramit Sethi:** [00:03:27] Michael, what is your net worth?

**Michael:** [00:03:29] It changes daily, but we're about \$5.7 million is our net worth.

**Ramit Sethi:** [00:03:34] \$5.7 million and arguing over \$700 difference for your car.

**Michael:** [00:03:40] That's correct.

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**Ramit Sethi:** [00:03:42] Okay. Nicole, tell me what happened when you received that phone call from Michael. What do you remember?

**Nicole:** [00:03:48] Well, it's never good news when he calls from a mechanic. Immediately I was like, "Oh, no. Like, that's a ton of money." But then, he very quickly - because he knows how nervous I get - says, "Well, they have this other fix that they can do. It's much more short term, but it'll be \$120 something." And immediately, like, I didn't even weigh the pros and cons between the two alternatives, I immediately said, "Okay. Let's just do the cheaper option."

And then, he mentioned that will probably only take us to the beginning of next year where we're going to have to replace the tires. And I said, "Okay. Well, as long as we don't have to replace the tires right now," because I know that's going to be about 1,000 bucks or more. I was fine with pushing it off because we have a largely arbitrator, but very, very important to us savings and investment goal that I feel compelled to meet every year.

**Ramit Sethi:** [00:04:52] Okay. To ask the question that all of us are wondering, is \$1,000 really going to make a difference in your financial plan for the rest of the year?

**Nicole:** [00:05:05] It probably wouldn't make a material difference, but we're so close to hitting that goal. And, for me, if we hit it, I feel financially secure. If we don't hit it, even if it's by \$1,000, I feel really bad. Like, I agonize over it.

**Ramit Sethi:** [00:05:22] Yeah. I mean, you're an accountant, you know the mathematical answer to my question. What is it, yes or no?

**Nicole:** [00:05:28] No. The answer is no. I wouldn't change anything. It'd be a rounding error.

**Ramit Sethi:** [00:05:34] Correct. Would it even be in the ballpark of materially affecting your financial goal?

**Nicole:** [00:05:39] Not at all.

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**Ramit Sethi:** [00:05:40] Correct.

**Nicole:** [00:05:40] Spending money makes me so, so nervous. It makes me feel like if we even spend, like, \$1,000, we're moving our wealth in the wrong direction. And this is illogical, but spending any amount of money, I feel like we could lose it all. We could lose financial security. We could lose everything we built. We wouldn't have the money to house our children. We wouldn't have the money to buy food. We wouldn't have the money to provide them the life that we want to provide them. They'd have a really rough life, like what I had growing up.

[Narration]

**Ramit Sethi:** [00:06:22] I empathize with her feeling nervous about money. When I work with people in my programs and on this podcast, I'll spend a lot of time trying to understand why they feel nervous, and I want them to put it in their own words. A lot of times people don't understand it themselves. But I also do not allow people to use that as a crutch. Too often I find that people simply repeat their problems. They carry them with them almost like a child's blanket. It reminds them of why they haven't been able to move past this obvious problem. And in a lot of cases, it comforts them.

To look at it another way, sure, Nicole is nervous and she has legitimate reasons to feel that way. But she's also a mom. I bet you she was nervous the first time she held her baby, and she still did it. She learned how to feed her baby, how to clothe her baby, how to be a good parent. She had to.

Somehow when it comes to money, we give ourselves an out. Think about sushi? Yeah, you feel nervous eating sushi the first time, you still do it. But for a lot of people, they feel nervous about spending money and they never learned money skills for their entire lives. Guys, learning how to invest, and manage, and spend your money is a lot more important than learning how to enjoy sushi. Listen as Nicole describes why she feels this way about money. Like I said, she has real reasons to feel the way she does.

[Interview]

**Nicole:** [00:07:58] I grew up in poverty. I was born to two immigrant parents who worked minimum wage jobs. They still do to this day work minimum wage jobs. And it was extremely difficult being in that position because I remember, like, we didn't have

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enough food, we lived in really crappy grungy apartments that weren't very safe.

One of the most traumatizing things was actually remembering all the arguments my parents had over money. I think I was six, and one of the most vivid arguments I remember my parents having, my mom was sitting on the stairs, my dad was standing in the kitchen facing her. And she said to him, "We have \$6 left for groceries for two weeks. Like, how are we going to make this work?" And he was just silent. And I just remember growing up not having enough food, not having very good food, or if we did have food.

And I feel like every day I fight to build our wealth so that our kids will never experience anything remotely close to what I had to go through growing up. But, now, I feel like it's kind of taking a really unhealthy turn where I'm unable to spend really any true amount of money without complaining to Michael. And we bicker over even, like, \$100 sometimes.

And our kids see that, like they see our everyday interactions. And it's starting to have an effect on our oldest because she's starting to understand. She sees our hesitancy and reluctance to spend money and how much we fight. Our daughter is four, and for her birthdays and for Christmas, we and other family members give her money and she puts it in her piggy bank. And we do that to try to teach her how to save money. And we'll go, "Hey, do you want to buy that toy that you like?" And she goes, "No. Money is for saving. If I spend money, it will be 'little.'"

And I think, "Oh, my God. I am passing on money trauma to my daughter." She shouldn't have any inkling of scarcity in her mind, and yet she does. And so, I'm really motivated to change so that she has a healthier relationship with money and she grows up to be a balanced, well-functioning adult.

**Ramit Sethi:** [00:10:45] What's the worst case scenario for your relationship with Michael?

**Nicole:** [00:10:50] That we got divorced.

**Ramit Sethi:** [00:10:51] How likely do you think that is right now?

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**Nicole:** [00:10:54] Well, it's definitely not unlikely. I would say 50 percent chance.

[Narration]

**Ramit Sethi:** [00:11:05] Is anyone else hearing this? A 50 percent chance of divorce is a huge red flag. If you're married and you want to stay married, this should be the moment where the record scratches and everyone looks up realizing how serious shit just got. Throwing around this word is not a joke. It describes something very, very serious.

It reminds me of when people say, "I'm worried about burning out at work." I had a friend who said that and I told them, "Stop everything. You need to focus on fixing this right now." Divorce, burnout, these are serious things, life changing things, and they never fix themselves. When it comes to burnout, divorce, serious things like this, once it's too late, it really is too late. So, when I hear Nicole mention divorce, this entire conversation takes on a much more somber tone. I asked Michael what he thinks. Here's what he told me.

[Interview]

**Michael:** [00:12:03] So, right when the pandemic was starting, we had boxes of stuff, Ramit, that we had just gathered from people around our community. People would just give away free stuff. We didn't want to buy it. They were handing out some free stuff. So, we decided, "Hey, we'll pick it up." Boxes and boxes of stuffed clothes.

**Ramit Sethi:** [00:12:20] Wait, wait, wait, wait, wait. Hold on, hold on. Let me get this, when was this? Like, how long ago?

**Michael:** [00:12:25] This is about a year ago.

**Ramit Sethi:** [00:12:28] Okay. Okay. Hold on. Let me make sure I'm understanding this correctly. One year ago, when your net worth was over \$5 million, you got a bunch of free clothes from your community.

**Michael:** [00:12:41] Yeah. Free clothes, free food, free you name it. Honestly, people would hand out stuff on the Facebook Group, and I would be sent by Nicole to go and

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pick it up. I'll be honest, if I turn down the camera, we filled this place up now, too, with free stuff that we've gotten.

**Ramit Sethi:** [00:13:03] Okay. Show me some of the free stuff. I want to see it.

**Nicole:** [00:13:05] Sure. So, Michael's in the basement. I just want to add a clarification.

**Ramit Sethi:** [00:13:14] Of course, you do. I had no doubt that you were going to pipe up and clarify a couple of things. Go ahead.

**Nicole:** [00:13:20] This Community Facebook Group, it's not a charity. We would not do that. It's a community-based initiative, it's called the Buy Nothing Group. And people will give away things that they no longer want or need and then we take it to use it. And the benefit is that we don't have to spend money and we're also saving the environment.

**Ramit Sethi:** [00:13:45] Does that sound convincing to you?

**Nicole:** [00:13:48] Definitely not that last part. No.

[Narration]

**Ramit Sethi:** [00:13:50] What in the hell is going on right now? Every time I talk to you guys, I spend at least 20 minutes talking to people who just openly lied to me. I kind of love it. It doesn't happen in my day-to-day life. But some of you really believe the shit you try to tell me.

"Hi. I'm a multimillionaire. I actually use this free stuff because it saves the environment. Oh, and by the way, I actually have a crippling fear of spending money. And this free service, totally and coincidentally, allows me to not have to spend any money." You just think I'm five years old? A blind duckbill platypus could spot this lie from two miles away. But Nicole still tries to pull it on me. Well, Nicole, nice try.

You know, there is a phrase, "As I became more successful, I couldn't afford to do certain things anymore." The speaker who said it was referring to things like mowing his own lawn, which as he became more successful, he couldn't afford to do because his time became so limited. So, he would rather trade his money for time and he wanted to

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spend time with his family instead of being outside and mowing the lawn all weekend long.

If you're a millionaire, I'm going to go out on a limb and say you cannot use these free services anymore. You're taking away items from other people who truly need it. Just imagine if you were some 20 year old single parent and you saw some asshole in a Tesla drive up and take a free bag of clothes. I'm not talking about a public library. Use those. You should. I'm talking about finite items that would directly benefit someone else and you are taking them.

In Michael and Nicole's case, to simply stuff them in your apartment, you're not even using them, stop it. Now, I asked him to turn the camera around and actually show me their apartment. I wanted to see what it looked like.

[Interview]

**Michael:** [00:15:48] So, I'll just turn around my phone here, Ramit. So, these are some of the boxes of things.

**Ramit Sethi:** [00:15:52] Oh, my God. Okay. Let me describe what I'm seeing right now. I see multiple Rubbermaid type of containers that could be carrying, like, boxes of papers and things like that. They're stacked up to the ceiling. They would be over six feet high. There are multiple colors. You have a very nice rainbow color collection. I see wrapping paper. I see a trash bag. And this is going straight up to the ceiling of the basement. What's in those boxes?

**Nicole:** [00:16:21] Kids clothes.

**Michael:** [00:16:22] Everything. Kids clothes, decorations for Christmas, toys, various countless different - I don't know - whole bunch of stuff. To be honest with you, just stuff. Lots and lots and lots of stuff. Behind Nicole, you'd see that we've just stocked up just more clothes and stuff.

**Ramit Sethi:** [00:16:47] Nicole?

**Nicole:** [00:16:49] Those are baby diapers. Can you see that, Ramit?



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**Ramit Sethi:** [00:16:52] Yeah. Okay. Lots of diapers. Fine. What else?

**Nicole:** [00:16:55] Well, this is our diaper storage room. So, more diapers.

**Ramit Sethi:** [00:17:03] Okay. I don't know anything about diapers. I assume you probably need a lot. Is this normal for a parent to have this many diapers?

**Nicole:** [00:17:10] I would say we have more than the average parents.

**Ramit Sethi:** [00:17:15] Like, how many? Like, ten times more? What are we talking about?

**Nicole:** [00:17:17] Probably, yeah, ten times more. Maybe 20 times more, if we're being quite honest.

**Ramit Sethi:** [00:17:23] Why is that?

**Nicole:** [00:17:25] I hoard things. So, I hoard things to feel security.

**Michael:** [00:17:29] Yeah. Ramit, we buy them when they're on sale. We have - I'll be honest - thousands. So, we have diapers that could probably diaper our son three times through. Honestly, we have clothes for our kids until they're 12 years old.

**Ramit Sethi:** [00:17:44] It looks like you can diaper your great grandchildren.

**Michael:** [00:17:47] Very, very likely, honestly, in my opinion.

**Ramit Sethi:** [00:17:49] I mean, again, I don't know anything about this, but I'm just going out on a limb here. That seems like a lot of diapers. Okay. And you didn't have to tell me you buy it on sale. I already know that.

[Narration]

**Ramit Sethi:** [00:18:00] Nicole mentioned being a hoarder. A lot of people throw that term around casually, kind of like they throw the word OCD around casually. But just

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like OCD, hoarding can represent a serious psychological disorder. I'm not a psychologist or a psychiatrist, so I have no intention of offering medical advice. I do want to take a quick second to explain how this podcast fits into the options of seeing a clinical therapist or financial advisor.

I'm not a therapist. I'm also not a financial advisor. I started writing this material because the vast majority of people are not going to see a financial advisor. In fact, most people don't need to see a financial advisor. Now, similarly with relationship problems, most people are never going to see a therapist. I think it can be immensely helpful. My wife and I saw one when we were discussing our prenup. But the fact of the matter is that seeing a therapist is costly, confusing, and in many ways, it's still stigmatized.

So, when I created this podcast, I wanted to be careful of what topics I spoke on. I think there's a step between following randos on TikTok and social media and seeing a full-fledged therapist or financial advisor. With that said, I'm always extremely careful of knowing where I can speak knowledgeably and where something is outside my core competence or even dangerous. And if something gets into one of those areas, I will tell them. I will stop what we're talking about, and I will recommend they speak to a professional.

Hoarding is not something I can speak knowledgeably about. And like I said, true hoarding can be a serious mental illness. Now, I don't know if Nicole is a hoarder or not, but in this case I recommended that she see a professional to address it. And just like there's nothing wrong with asking me for help, there's nothing wrong with getting help from a mental health professional.

So, through this podcast, I want to make it easier for all of us to ask for help. Let's destigmatize asking for help in whatever form you need it in.

[Interview]

**Ramit Sethi:** [00:20:13] You know, you mentioned growing up in circumstances that were not so safe and it seems like they were probably pretty small. Do you think there's any similarity between how you were raised and the kind of environment you've created for your family now?

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**Nicole:** [00:20:25] Absolutely. So, I remember my younger sister was born when I was seven years old and my parents didn't have money for formula, or I guess I should say they had very little money for formula. And I remember the store had a sale, and it was a limited one where you could get the formula for, like, 75 percent off its regular price. So, my parents would till hop and they would literally go into the store, pay at a till, leave, come back in, get a formula, pay at a second till with a different cashier so that they could get this formula. And they would do that in order to be able to feed my sister.

So, now, I do see that I hoard kids clothes, diapers, baby food out of the fear that we could run out and our kids could starve or not have diapers. And fear is my greatest motivator, and it's not the healthiest motivator.

**Ramit Sethi:** [00:21:30] If that were true, physical security, then when Michael proposed spending more money on a nicer place, presumably in a safer neighborhood, wouldn't you have leapt to it and said, "Yes. Let's do it."

**Nicole:** [00:21:44] That's a really interesting proposition, and I think you have a good point. I guess I would have, but I didn't. The idea of spending \$3,000 a month on rent, it's abhorrent to me. Like, I think that's so much money for us to spend on rent.

**Ramit Sethi:** [00:22:00] Is it?

**Nicole:** [00:22:01] I think so. Because we were paying, like, \$1,450 in this condo and it included most of our utilities. And, now, we're paying \$1,650 plus around 500 a month for utilities. So, I feel like that's a reasonable leap. But to go from \$1,450 to 3,000 - you know, so much personal finance advice out there says the biggest cost you should control is your living expenses because they have such a huge impact on your budget.

**Ramit Sethi:** [00:22:37] Are you listening to so much personal finance advice? Because you're talking to me, so clearly that stuff didn't work. You and I both know a lot of that stuff is bullshit. What are they going to tell you? "Oh, cut back on your lattes." Fucking \$6 million net worth. Oh, cut back on lattes, that'll really do it. Buy diapers in bulk. Is that going to change your life?

You spend more time going to the store. You spent more money on that trip than you

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will ever save from buying 7,500 diapers or however much you have. The typical personal finance advice does not apply to you anymore. I want to say that again, I really want this to sink in. The typical personal finance advice does not apply to you anymore. Now, the funny thing is you're both accountants, is that correct?

**Nicole:** [00:23:33] That is correct, yes.

**Ramit Sethi:** [00:23:35] Okay. So, what does this tell us? That two accountants are feeling challenged by money. What does this tell us?

**Nicole:** [00:23:43] It's not a math problem.

**Ramit Sethi:** [00:23:45] It's not a math problem. I already looked at your math anyway. It's a psychology problem. And I'll give you an example. Nicole, you mentioned that it was abhorrent to you - that's a very strong word - to jump up and spend \$3,000 a month from 1,450 or whatever. Can I suggest something to you?

**Nicole:** [00:24:05] Yes.

**Ramit Sethi:** [00:24:06] People who have a \$5.7 million net worth and make 750,000 a year, they spend a lot more on their housing. A lot more. And they should. I don't consider it a point of pride to be living way under your budget. I'm not just talking you prefer a small apartment. That's cool. You're spending roughly two percent of your income on your housing. Do you know what people typically recommend for housing?

**Nicole:** [00:24:48] I think it's no more than 30 percent of your net income.

**Ramit Sethi:** [00:24:53] Correct. No more than 28 percent of gross. You're at two?

**Nicole:** [00:24:59] Yeah.

**Ramit Sethi:** [00:25:01] Do you see that you could easily spend ten times the amount you spend mathematically and you would be putting yourself at zero financial risk?

**Nicole:** [00:25:13] Yeah.

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**Michael:** [00:25:14] I do. I do.

**Ramit Sethi:** [00:25:16] Michael's like, "Oh, I already got my list. I know where I want to go. Ramit, keep going." We'll get there. I'm not telling you to go out and spend 10X tomorrow. I'm not telling you that. What am I telling you?

**Nicole:** [00:25:28] That we have a lot more flexibility in our budget than I am giving us.

**Ramit Sethi:** [00:25:34] Yes. And the crux of what we're going to explore today is why. Because, again, it's one thing if you prefer a smaller place. Look, I lived in a small place in New York. I lived in a pretty small place in L.A. But if I were spending two percent of my income, that's actually a red flag that you are spending too little. And do you know the clues around you? There are multiple clues around you that you're spending too little. What are those clues, Nicole?

**Nicole:** [00:26:03] That we have stuff piled up everywhere.

**Ramit Sethi:** [00:26:06] Yes. Multimillionaires should not have stuff piled up everywhere. What else? There was another clue you mentioned.

**Michael:** [00:26:11] Friends and family.

**Nicole:** [00:26:14] Yeah. Yeah.

**Ramit Sethi:** [00:26:17] Yes. When people you love whisper, treat it like a scream. This is a quote I learned from a book awhile ago. If somebody you love or respect says to you, "Oh, when are you going to get a nicer place?" You know, if one person says it, it doesn't bother me. I don't care. It's my choice. I'm conscious about it. If two or three or five starts saying, "Hey, you know, are you going to take a trip any time ever?" I start going, "Wait a second. Is the world giving me a clue?" So, do you think that those clues might be something you might be willing to receive?

**Nicole:** [00:26:57] Yes. Absolutely.

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**Ramit Sethi:** [00:27:00] Okay. Great. Now, we're going to just put a pin in that and we're going to move on to a couple of other things. Michael, what is your magic wand rich life here? If you could change everything, what would it look like for you?

**Michael:** [00:27:19] You know, and I'm being totally honest, all I want to be able to do is spoil Nicole and the kids. Like, a large amount of my life, I would like to be able to buy a gym membership again because we cancelled that. I'd like to do that. I'd like to have a car that would work and function. And I love to be able to just go on trips. I love to take my family on trips.

I mean, there's so many examples. Once for Valentine's Day, I bought Nicole some really expensive chocolates. Nicole was livid at the idea of spending that. And I guess my rich life would be doing that and feeling like I could do that, and not worrying about upsetting her, and feeling that she was happy.

[Narration]

**Ramit Sethi:** [00:28:07] You could see how far things have gone off track by how uninteresting Michael's rich life is. He goes, "I want to get a gym membership." That's it? You have almost \$6 million and your rich life is getting a gym membership? "I want to have a car that's not falling apart in the middle of the road. I want to be able to buy my wife chocolates." These answers are huge clues that something has gone very, very wrong with their money psychology.

[Interview]

**Ramit Sethi:** [00:28:42] Nicole, is there a number that you're going to feel secure at?

**Nicole:** [00:28:47] Honestly, Ramit, the reason why I was listening to your podcast with Tim Ferriss is because, the week before, we had hit a net worth number that I always told myself, "If we hit this number, we can let go of the reins. We can definitely relax a bit and spend more money." Because once we hit 5.7, that was it for me.

Because in my head, I thought, "5.7, that's a \$700,000 paid off house." And Michael and I have been to show homes that costs around that much. And we think we can make this our forever home. And then, the 500,000, using the four percent rule, would generate \$200,000 with a passive income, which would cover all of our needs, plus a

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good chunk of our wants.

And I thought as soon as we hit that number, like, why would we agonize any more? Why would we have any more anxiety? But that day came and went. Like, I remember that day so vividly looking at my spreadsheet, I thought, "Holy cow. We are at 5.7." But then, the very next week, I was like, "You know, maybe we need \$10 Million."

**Michael:** [00:30:03] Why am I killing myself? Again, you know, seven days a week, 14 hours a day, what's the point of doing it when we don't enjoy it and you don't enjoy it? I mean, it's nice that she gets to save \$2,500 a day. It's what we do, we save, I think, she buys \$2,500 worth of investments a day at least, maybe more. And I think she enjoys doing that. But I don't think it actually really gives us anything.

**Ramit Sethi:** [00:30:27] Do you know in 20 years how much money you're going to have?

**Nicole:** [00:30:33] No. We don't know.

**Ramit Sethi:** [00:30:37] Ballpark, conservatively, \$27 million. What about 25 years? Forty million. The numbers become inescapable. You cannot spend that amount of money. But you know what's interesting? You can't even spend the money you make right now. You can't even spend it on tires.

**Nicole:** [00:31:04] That's very true.

**Ramit Sethi:** [00:31:05] Your feelings will never change until you stop attacking the math. And, in fact, so interesting the way you described it, "I thought that we were going to have a 700K house, start our home. Then, at four percent, 700 this and that, blah, blah," all math. And I'm just looking at you and I'm saying, "Okay. Let her finish because none of this matters." What actually matters, Nicole?

**Nicole:** [00:31:32] What actually matters is realizing that we have enough. And the problem isn't a math problem. It's a psychological problem.

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**Ramit Sethi:** [00:31:40] Yeah. You won. You won the math problem. There are a lot of people who have \$25,000 incomes and they have a math problem, a real math problem. Me coming in here and trotting in and saying, "Let's talk about your psychology," that's pointless. They need to make more money. In your case, you're at the point where you can't spend even \$100. So, Nicole, I would like to know from you, what is your rich life?

**Nicole:** [00:32:06] So, my rich life, because Michael and I are really into fitness, I would love to be able to buy a new outfit for the gym once in a while. I can't tell you how many times I've added something to my shopping cart and then abandoned it.

**Ramit Sethi:** [00:32:23] Why?

**Nicole:** [00:32:23] I feel like I love these clothes. Like, I literally look at them on a weekly basis, but then I tell myself, "You know, it's so much money for just some bottoms and a top. Who would spend, like, 200 bucks on just one pair of shorts and one sports bra? That's crazy." And then, I convince myself that I already have gym clothes so I don't get them.

**Ramit Sethi:** [00:32:49] Do you notice that process you go through?

**Nicole:** [00:32:52] Yeah. I do.

**Ramit Sethi:** [00:32:53] So, you have a dream. And that dream could be a vacation, gym clothes, whatever. You do the research. And I'm sure you have, you know, the websites you go to. Maybe you even have a Pinterest board. And then, what's that last step you do?

**Nicole:** [00:33:12] I talk myself out of it.

**Ramit Sethi:** [00:33:14] Yeah. And what do you get out of that?

**Nicole:** [00:33:18] I justify my non-spending. I try to find reasons to justify not spending the money. Because spending the money makes me anxious.

**Ramit Sethi:** [00:33:30] Give me another word for that.



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**Nicole:** [00:33:32] In control.

**Ramit Sethi:** [00:33:33] Yes. And what does that feel like physically in your body?

**Nicole:** [00:33:38] It's so much relief because then I don't have to face the challenge of actually spending the money.

**Ramit Sethi:** [00:33:46] Because if you were to spend the money and go "out of control," what would that mean?

**Nicole:** [00:33:52] It would mean that I would feel like I was jeopardizing my financial future.

**Ramit Sethi:** [00:33:59] And what would that mean? Take it to the full, logical extreme.

**Nicole:** [00:34:04] Then, I would lose it all to square one, to where I was with nothing.

**Ramit Sethi:** [00:34:11] Where you were raised. Listening to people outside screaming about money.

**Nicole:** [00:34:17] Yeah.

**Ramit Sethi:** [00:34:19] So, it's much easier to turn down the athletic outfit, then to go into these gigantic existential family generational questions, isn't it? In fact, doesn't it almost feel good when you say, "I'm not going to get that"?

**Nicole:** [00:34:38] Yeah, it does. It actually really does. It's like a dopamine rush.

**Ramit Sethi:** [00:34:44] Talk more.

**Nicole:** [00:34:44] It just feels so good. It almost feels like I got the thing, but because I didn't, that I won, that I got the best of both worlds even though I didn't. I still don't have my gym clothes and I really want my gym clothes.

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**Ramit Sethi:** [00:35:02] And how are you feeling as you're looking at these clothes?

**Nicole:** [00:35:04] Like, so excited. And I'm picturing, like, I've worked so hard. I would want to see how I look in these clothes.

**Ramit Sethi:** [00:35:14] What's the turning point? What happens at that exact moment where you go from excitement to not feeling excited?

**Nicole:** [00:35:23] I look at the price and I go, "Wow. That's a lot for what that is."

**Ramit Sethi:** [00:35:30] Who's that voice speaking to you? Let's name that person, that little gremlin on your shoulder. Name it.

**Nicole:** [00:35:38] Let's call her Nancy.

**Ramit Sethi:** [00:35:41] Fuck, Nancy. Okay. Describe Nancy's characteristics to me. What is Nancy wearing?

**Nicole:** [00:35:48] I don't know, she's wearing, like, devil horns or something.

**Ramit Sethi:** [00:35:53] Okay. Good. And by the way, is she wearing a Louis Vuitton outfit or is she completely disheveled?

**Nicole:** [00:35:58] She's completely disheveled.

**Ramit Sethi:** [00:36:00] Correct. Why is that? Because Nancy is - describe Nancy to me.

**Nicole:** [00:36:05] Nancy is this negative vision I have of my childhood.

**Ramit Sethi:** [00:36:11] And Nancy does not want you to what?

**Nicole:** [00:36:16] She doesn't want me to grow into the new me, she wants me to stick to who I was.

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**Ramit Sethi:** [00:36:25] And if you start to move away, it could be as simple as buying a Lululemon outfit or something. What does Nancy start to feel?

**Nicole:** [00:36:36] She starts to feel really nervous because if I grow and change, then she doesn't exist anymore.

**Ramit Sethi:** [00:36:44] She starts to feel out of control.

**Nicole:** [00:36:46] Yeah.

**Ramit Sethi:** [00:36:47] And so, how does she bring you back under Nancy's control?

**Nicole:** [00:36:52] She instills fear and anxiety so that I don't do anything new.

**Ramit Sethi:** [00:36:57] Yeah. When Michael called you up to talk about those tires and shocks, what was the moment where Nancy started speaking up? What was that question that came out of your mouth to him?

**Nicole:** [00:37:08] How much is this going to cost?

**Ramit Sethi:** [00:37:12] Yes.

**Nicole:** [00:37:12] It's always about the cost. Because we just didn't have money growing up, so anything that costs anything was a no go.

**Ramit Sethi:** [00:37:23] I'm going to guess it, as you grew up, you learned as a young child not to ask your parents for certain things, for anything, probably, because you knew that they would say no and that it would make them ashamed. Am I reading that right?

**Nicole:** [00:37:36] Yeah. Yeah. There were a lot of field trips that didn't happen.

**Ramit Sethi:** [00:37:40] Yeah. I mean, this happens with children of immigrants. And we learned when we would go to eat out - which was very rare - back then, they had video games and it was, like, a quarter to play. And we would strategize, "Oh, should we

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ask dad?" And we would ask for two quarters, but not four because that's too much. So, we all go through this. And that's a normal part. When your parents don't have a lot of money, yeah, you pick up on that. That's okay.

I'm going to add one other thing to Nancy's appearance. She has eyeglasses, but only one eyeglass has a lens in it. She only has one functioning lens. That's the only way she can see the world. She can only see the cost. That's all she could see. If you went to Nancy and you had a conversation with Negative Nancy and you said, "You know what? Nancy, I have two children. I want a safe car for them." What would Nancy say? What would her first question be?

**Nicole:** [00:38:50] Well, how much is this going to cost?

**Ramit Sethi:** [00:38:53] Correct. And do you see now why, no matter what, whether it's a \$100 outfit or \$3,000 a month apartment, the first question out of your mouth is Nancy's question? Nancy has had, in my opinion, a little too much control over you, would you say?

**Nicole:** [00:39:16] I definitely agree.

**Ramit Sethi:** [00:39:18] All right. Let's come up with another gremlin on the other shoulder. This is going to be a much more positive gremlin. You get to create this one like a video game character. What do you want to name this positive, future oriented character on your other shoulder?

**Nicole:** [00:39:35] Oh, geez. I don't know. I'm so bad with names, Ramit.

**Ramit Sethi:** [00:39:38] Ask Michael for help if you want.

**Nicole:** [00:39:40] Michael, what should we name this positive gremlin?

**Michael:** [00:39:45] I don't know. Positive Polly.

**Ramit Sethi:** [00:39:49] I just want to point out that in all my time doing this, not one person has ever named this positive person Ramit. I just want to point that out.

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**Michael:** [00:39:57] Ramit works. I'm totally fine with Ramit. That might be good. That might be good.

**Ramit Sethi:** [00:40:01] No, no, no. It's too late. It's too late. Pick somebody else. But for the future podcast guests who are listening, perhaps one day I can be gifted the gift of being a positive gremlin. Okay. Give me a name.

**Nicole:** [00:40:13] Polly. Let's do Polly.

**Michael:** [00:40:15] Polly.

**Ramit Sethi:** [00:40:16] Beautiful. So, we got Negative Nancy and Positive Polly. I actually love it. It's so simple. It's so memorable and vivid. Beautiful. Okay. Break this down for me. What is Polly wearing?

**Nicole:** [00:40:27] She is wearing, like, designer jeans and a crop top.

**Ramit Sethi:** [00:40:35] Great. Great. Beautiful. And what are the kind of things that she says to you?

**Nicole:** [00:40:41] She says, "Go for it. You worked really hard. You deserve it. This will make you happier. This will enhance your life."

**Ramit Sethi:** [00:40:54] And tell me about the money stuff. What does she say about that? Because it's not enough to just say rah, rah, kumbaya. You've heard all that stuff. We need to connect it to the money.

**Nicole:** [00:41:09] Right. She would say the cost is irrelevant if it brings you joy - if it brings you true joy.

**Ramit Sethi:** [00:41:20] Okay. How many lenses does she have on her glasses?

**Nicole:** [00:41:27] Two.

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**Ramit Sethi:** [00:41:29] What are they?

**Nicole:** [00:41:31] Value and fulfillment.

**Ramit Sethi:** [00:41:38] Okay. Very good. What about experience? That's another money lens. What about speed? Maybe you want to get a personal trainer. You want to hit your fitness goals faster. That's another one. What about luxury, and on and on? How many lenses does she have?

**Nicole:** [00:41:59] Several.

**Ramit Sethi:** [00:42:01] She's got one of those flip lenses, they just pop up endlessly, infinitely. So, let's now replay the conversation where Michael calls about the car repair. And I want you to both play it real. However, this time instead of Negative Nancy, we're going to use - what's her name again?

**Nicole:** [00:42:24] Positive Polly.

**Ramit Sethi:** [00:42:25] Positive Polly. All right. Let's have the conversation. Michael, ring, ring, ring, go ahead.

**Nicole:** [00:42:32] Hello?

**Nicole:** [00:42:34] Hey, Nicole. I'm at the mechanic, and I need to replace the springs and/or the tires on our car. The springs on our car will cost us \$800 to do them. And the tires will be a bit over \$2,000.

**Nicole:** [00:42:50] Okay. Well, what will we get from repairing the car? Like, what's truly wrong with the car?

**Michael:** [00:42:57] Well, as you know, when I was driving our daughter to drop her off, the car tire blew out, and it's leaking, and parts are missing off of it. So, I drove it from here to the mechanic. So, by doing this, it should allow us to drive the car for mechanics for a significant period of time. Long term repair.

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**Nicole:** [00:43:20] So, fixing the springs would prolong the life of the car and make it safer for our kids and for us to drive in the car?

**Michael:** [00:43:28] Yes. It absolutely would.

**Nicole:** [00:43:31] Do it.

**Michael:** [00:43:32] Okay. Thank you.

**Ramit Sethi:** [00:43:34] Whoa. That was pretty cool. All right. How do you think that my wife and I would have that conversation?

**Nicole:** [00:43:42] I feel like if you would even have a conversation about it, you would just say, "Hey. Like, this is what happened. I'm getting it fixed. I'm safe. Don't worry. I'll be home in an hour." Like, I don't even think you would go into exactly what was wrong or how much it would cost to fix it or anything like that.

**Ramit Sethi:** [00:44:03] Yeah. My wife trusts me. And I trust her. And even if one of us spent an extra 300 bucks on something, does it really matter? No. We wouldn't have that conversation that you two had at all, because we've already decided on our money rules weeks, months, and years ago.

[Narration]

**Ramit Sethi:** [00:44:30] Let me give you a quick rundown of how money rules work. Each of us should create a list of five to ten money rules in our life. I have mine. I'll share some of them with you. You should have yours. You create money rules because, on a given day, you're going to face hundreds of financial decisions. Certainly, over the course of a year, thousands. Should I get the extra cheesecake? Should I get an extra large salad? Should I fly this airline seat or that? Should I pay for my kid's shirt, diaper, whatever? It's overwhelming.

And so, we want to create a few rules that allow us to make easy decisions. These are basic heuristics. And the fun part is that you get to create your own. I'll share a few of my money rules here then I'll walk you through it.

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One of my money rules is, always have one year of emergency fund cash. Remember, it's my money rule, not yours. Do not write me and say, "It must be nice. Oh, my God. Everyone's starving." It's my money rule. I want one year of emergency cash. That's well over what most people recommend, three to six months. I want a year. I don't care. It's extra cash. "Oh, my gosh. I'm making less," I don't care. I like it. It feels good. I have a year of cash. It's a rule. So, now, I don't have to think about how much should I contribute to my emergency fund. I already know.

Another one, save 10 percent, invest 20 percent of gross annual income. Another financial rule, that's for me. But let me tell you some of the other ones that are a lot more fun. Never question spending on books, appetizers, health, or donating to a friend's charity fundraiser.

Now, if you don't know me, none of these make sense to you. Why am I elevating spending on appetizers onto one of my ten money rules? It makes no sense, unless you understand that when I grew up, we couldn't really afford to buy appetizers. And so, now, when I go to a restaurant and I can order any appetizer or all of them, it feels amazing. And so, I elevated that to a money rule.

Here's another one. Business class on flights over four hours. I don't debate or agonize over which seat to book. I have a rule. And if somebody else is booking it for me, I pass them the rule so they know exactly what it is.

Now, you might say, "Well, I can't afford that or I don't value that." Cool. Don't put that as a rule. These are my rules. Your rules should be totally different. In fact, your rules should be so individual and personalized that they start to not make sense to anyone else.

A couple other ones I have, marry the right person. That's a very important financial rule. Buy the best and keep it as long as possible. You can Google Ramit's Money Rules, and you will see an article that we wrote on the blog about how to create your own money rules. I recommend that everybody have ten of their own money rules.

[Interview]

**Nicole:** [00:47:36] So, what are some rules that you two could create?



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**Nicole:** [00:47:47] If something costs less than \$200, we don't even have to get the other one's buy-in.

**Ramit Sethi:** [00:47:56] Okay. We call that a worry free number. It's the number below which you don't even have to worry about. It's just a rounding error. You know, for a lot of people, when you start out, it's \$1, \$2, a pack of gum at the grocery store, whatever. Above that, "Oh, we better talk about it." You both are extremely wealthy, so 200 bucks is fine. Michael, would you agree with that number? Is that the number you want or do you want to pick a different number?

**Michael:** [00:48:20] I would like something higher than that, but I'm fine with 200. It'd be a huge improvement over where we are currently.

**Ramit Sethi:** [00:48:29] God, I can only imagine. But if you want a higher number, tell us the number you want, Michael. I want you to be more assertive with your requests. And then, the two of you can have a conversation about it, especially because you have Positive Polly in the mix now. So, talk directly to Nicole.

**Michael:** [00:48:45] Sure. Nicole, I think for me, you know, I don't think I was actually truly honest when Ramit asked me about what my rich life was. I think I was trying to answer a question without upsetting you.

I mean, my rich life, for example, we look at houses and you said that there is a \$700,000 house that would be our dream house. That wouldn't be my dream house. We look at houses where you love it. There's these houses we come to that are, like, \$1.5 million. And you walk in and you're loving it. And then, my rich life would be buying that house. Honestly, that would be my rich life. I'll buy it tomorrow.

**Nicole:** [00:49:27] I just think that that is such a huge step. But I think we can work towards that, towards envisioning that together. And, yeah, I think you could add a lot of value to our life. And I think we could build a lot of memories with our children in a house like that. Because when we've seen these places, we do envision our kids enjoying a yard that overlooks a river, that overlooks a creek. And I think that could

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really make some lifelong memories. And I could envision our grandchildren there as well.

**Ramit Sethi:** [00:50:13] Nicole, what is Michael saying when he said "I wasn't honest"? What is he really saying there?

**Nicole:** [00:50:24] I think he's saying that he's trying to not alarm me, not trigger my anxiety.

**Ramit Sethi:** [00:50:32] By doing what?

**Nicole:** [00:50:34] By dreaming bigger than I'm currently allowing us to live.

**Ramit Sethi:** [00:50:42] In other words, he is trying to please you by dreaming small. That's the dynamic that the two of you have established. And you see it in everything you do. You see it in the phone call. "Is it okay if we get tires?" You're accepting the premise, Michael, that you should be asking. That you should even be asking about repairing a car for your family is not the premise that I would accept. I reject that premise.

There are things that simply need to be done and you do them. And by the way, if you have millions of dollars, you don't even think twice. You certainly don't ask permission.

Nicole, when you allow Negative Nancy to lead with questions only of cost, then you know that your husband, Michael, who wants to please you, he starts to respond. And so, now, like someone who's been trained, he's not even honest when I asked him what his rich life is. That's why I was so bored by his answers. Oh, you want to take your kids to the park? Come on, you got to dream bigger than that at your level of success.

And, Michael, I love that you came out of left field. You go, "You know what? I was not honest. I don't want that \$700,000 house," which, by the way, is less than one year's of income for you. That's awesome, speaking up. I love this change. And you know what, Michael? I think in your mind, you have this belief that if I speak up assertively, it's going to hurt Nicole. Can you rewrite that for us? If I speak up assertively, I - finish the sentence.

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**Michael:** [00:52:31] I'll be honest to myself.

**Ramit Sethi:** [00:52:33] There you go. Let's set some money rules. So, what's our worry free number?

**Michael:** [00:52:45] Well, I think it should be higher than \$200.

**Ramit Sethi:** [00:52:48] Pick a number.

**Michael:** [00:52:48] For context, for me, again, we have no problems putting in \$2,500 a day into our investments.

**Ramit Sethi:** [00:52:55] I don't need the context. What's the number?

**Michael:** [00:52:59] I'd say \$1,000 for something that's a major expense. And then, just for minor day-to-day things, I'd be fine with 200 bucks. So, if it's something that's like a car repair or something that's necessary, even maybe more than \$1,000. I think it's what it kind of costs is what we need.

**Ramit Sethi:** [00:53:16] Ho, ho, ho, ho, ho. You lose power when you talk too much. And I suspect this happens a number of times as well. You over talk. And remember, what is Negative Nancy looking for when you keep talking? She's looking for only one thing. What is she looking for?

**Michael:** [00:53:34] Not get to the right answer.

**Ramit Sethi:** [00:53:37] Exactly. A way to say no. So, every additional word you have is just like one more exposed part of your skin and I'm going to come in and knife you. Try it again and here's my question for you, what's the worry free number, Michael?

**Michael:** [00:53:53] Say, \$2000. Anything under \$2,000.

**Ramit Sethi:** [00:53:58] Okay. Say it to Nicole. And you guys come to an agreement. I'm just listening.

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**Michael:** [00:54:02] I think, Nicole, honestly, when we looked at our budgets and everything else like that -

**Ramit Sethi:** [00:54:09] Stop, stop, stop, stop. I'm sorry. I said I was just listening, but I couldn't stop. Do it again. And remember, you have, like, ten words to use. Okay? Don't waste them on context. Do it.

**Michael:** [00:54:20] I think that we should set our limit at \$2,000 before we start speaking to each other about the need to spend it.

**Nicole:** [00:54:29] Okay. I trust you, and I think that that is a good number.

**Ramit Sethi:** [00:54:33] I love it. Michael, what did you notice about what you were unconsciously doing right there?

**Michael:** [00:54:38] I was very worried about how she'd react to what I was thinking and what I wanted to say.

**Ramit Sethi:** [00:54:44] Yeah. You're like a batter. You're winding up, the bat was in outer space. And I'm like, "No. We don't need all that shit. We already talked about this." So, Michael, you have a dynamic you really have to work on. And what is that dynamic? How would you articulate that?

**Michael:** [00:55:00] Being more assertive and honest.

**Ramit Sethi:** [00:55:04] Yeah. And Nicole is playing her part, right? She was like, "Yeah. Okay. I trust you. Sounds good." Done. So, I hope someone's taking notes right now because I don't want to have some argument later about, "Oh, he said this, she said that." Plus, we got it recorded. So, \$2,000, you're worry free number. That means if somebody wants to buy dinner and they want to get an extra appetizer, are you guys going to have a 35 minute conversation about the calamari?

**Nicole:** [00:55:29] No.

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**Michael:** [00:55:30] No.

**Ramit Sethi:** [00:55:30] I better never hear that phone call. If that happens, somebody's in big trouble. If the car shocks need to be repaired, are you guys going to have a Q&A about Nissan's auto structure?

**Nicole:** [00:55:45] No.

**Michael:** [00:55:46] No.

**Ramit Sethi:** [00:55:46] Hell, no. Okay. Good. Great. I love that. That's a beautiful money rule. Hey, what about your house? I would like to encourage you to put on a different lens, do you both really want to be climbing seven feet up and going through, like, 800 boxes?

**Michael:** [00:56:03] No.

**Nicole:** [00:56:04] The convenience lens.

**Ramit Sethi:** [00:56:07] Convenience lens. Use the convenience lens and tell me, how could you rid yourself of this problem if you are ready to do so?

**Michael:** [00:56:17] Nicole, I think what we could do is we could call up somebody, a donation agency, and let them know what we have and ask them to come and just take away a lot of the stuff that we've built up for someone else to use.

**Nicole:** [00:56:28] I think that would be a great idea because then someone else can get utility out of these things a lot sooner than we would be able to, and then we would also regain our space back.

**Ramit Sethi:** [00:56:40] I'm going to push on this a little bit. Nicole, aren't you worried, though, that you're going to give away all these diapers and you're only going to have enough diapers for one week? Which means next week, what's going to happen?

**Nicole:** [00:56:55] We'll have to go buy diapers.

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**Ramit Sethi:** [00:56:57] Yeah. Isn't that wasting money?

**Nicole:** [00:57:00] No. Because I feel like the shift in my mindset is worth the cost of what the new pack of diapers would be.

**Ramit Sethi:** [00:57:10] That's a great answer. That's what exactly I was hoping you would say. You're exactly right. And you know what? I want to add something. It's okay to waste a little money. This is, like, so heretical for the personal finance world. But the higher up you go, the more that it's okay to waste money.

And even actually a little crazy not to waste money. Let me explain. Sometimes I have to go somewhere and buy something and I'm not sure, "Oh, is it going to be this or that?" I order it and it comes to my house and it's the wrong piece. Okay, now do I want to sit there, repack it up, take it to the distribution center, et cetera? No. I just donate it. I wasted money. But my time is very valuable. And, honestly, sometimes it's not even about time. I just don't want to deal with it.

So, I'll order the right part again. I wasted \$5 or maybe I even wasted \$500. I try not to do it. I try to manage everything. But once in a while mistakes happen. That's okay. Life goes on. There's something more important than optimizing every last expense.

**Michael:** [00:58:19] Yeah.

**Nicole:** [00:58:21] And I don't even think you know how amazing that was to hear -- type of people to literally spend, like, 45 minutes in a return line unboxing day thinking that we absolutely have to take this thing back because it doesn't work for us. And why would we throw away \$150 worth of product? Or why wouldn't we try to get that money back? But at the end of the day, like, our time is worth more than that.

**Ramit Sethi:** [00:58:48] Yeah. Can you create a money rule around that?

**Nicole:** [00:58:50] Yeah. Like, if we buy something that doesn't work for us, if it's below \$150, let's just donate it or give it away to a family member or a neighbor. And just not even think about it anymore. Not agonize about it anymore.

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**Ramit Sethi:** [00:59:06] Michael, how do you feel about that?

**Michael:** [00:59:08] I love it. I love that idea.

**Ramit Sethi:** [00:59:11] You guys are so good. Really reframe it in your head. It goes from we're wasting money, what's a reframe you could have? Remember, you're both very, very financially successful. Think about the type of people you're probably giving this to. Reframe that for me.

**Nicole:** [00:59:28] Like, we're able to help out our neighbors.

**Michael:** [00:59:31] Yeah. How about people who can definitely really use it? At the same time freeing up our own time and our space.

**Ramit Sethi:** [00:59:42] I like this concept of reframing because it gets you out of your own head. The two of you have been so focused on debating over \$50 questions over here and there. You're forgetting there's all these people who are not even close to as fortunate as you are.

So, for example, one of the rules my wife and I have is that we tip big. We have a number and with rare exceptions, we don't tip below that. And we can afford it. And, also, it reminds us like, hey, there's a lot of people out there who need money and it's very meaningful to them.

Is there a rule for the two of you where you could focus on helping other people as well? What might that rule be?

**Nicole:** [01:00:35] Like, if we go get a latte from Starbucks, we could pay extra on our bill so that the next person could enjoy their drink for free.

**Ramit Sethi:** [01:00:45] Is that just at Starbucks? Because if so, that's a very nice rule. I really love it. What are we talking, like \$10 a month? That's not that much. I expect a little more of the two of you.

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**Nicole:** [01:00:57] I guess we could have a rule where it's actually really important to me to help out other new moms, because I was laid off from my job when I was pregnant with my first child. So, maybe we could have a rule where every month we give a donation to an agency in our area, because there's one that helped us a lot when we were tight, and I was laid off, things are really bad. So, it would be great to give back to them on a monthly basis and not even think of it.

**Ramit Sethi:** [01:01:30] I love it. How much?

**Nicole:** [01:01:32] Like, 500 bucks a month.

**Ramit Sethi:** [01:01:35] Michael?

**Michael:** [01:01:35] I have absolutely no issues doing that whatsoever. That would make me feel really good actually doing that.

**Ramit Sethi:** [01:01:40] This is good. Okay. Very good. So, 500 bucks a month is one of your money rules now, and you know the agency is meaningful to you. Amazing. Set it up, recurring, it's done. That's great. Are there any other money rules you would like to discuss right now?

**Nicole:** [01:01:55] When it comes to our children and their extracurriculars, it doesn't matter what it is, it doesn't matter what it costs. It could be horseback riding or it could just be swimming lessons. It doesn't matter what the dollar amount is, we're just going to do it if our kids even show any inkling of interest in it.

**Michael:** [01:02:14] Let's do it. Let's make it happen. I think we need to just establish an expectation. If the kids need something, let's spend it, let's expect things. Let's know that it's going to happen and then let's not have an issue with it.

**Ramit Sethi:** [01:02:29] Am I guessing that you two have been "underspending" on your kids? Am I reading this correctly?

**Nicole:** [01:02:36] I think what Michael means is we made a budget. And as part of that budget, we did have the kids extracurriculars built in. But I think what he's speaking



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more to is we had two lines in there that were discretionary fund money for just him and I. And we've never been -

**Ramit Sethi:** [01:02:56] And you didn't spend it. Yeah. Well, of course, you didn't spend it. The two of you hate money. Of course. And by the way, it doesn't help that you called it discretionary fund money. You two don't have any fun with money. So, we're going to get to that. We're going to come up with a rule where you're going to spend a lot of money on some fun. But do you see that structurally you set yourselves up to fail?

**Michael:** [01:03:20] Yes.

**Nicole:** [01:03:20] Yes.

**Ramit Sethi:** [01:03:20] You already lost before you even stepped on the field. You lost for two reasons. One, you both don't like money. You see it in a negative way. Now, we fixed a little bit of that. You have more work to do, but we really tackle that. And, two, you called it discretionary fund money. That fucking sucks. So, what do you guys actually want to spend on?

**Nicole:** [01:03:44] Like, I would love to buy some gym clothes. I would love, for the first time in my life, get some beauty procedures done.

**Ramit Sethi:** [01:03:54] Hey, before we go on. Will you just get your computer? Just go get your computer, Nicole. We're going to do a little live action money dial.

**Nicole:** [01:04:06] All right.

**Ramit Sethi:** [01:04:07] Okay. All right. Open it up. Where are we going? To lululemon.com or - what is it? - Gymshark? What are we talking about?

**Nicole:** [01:04:13] It's [inaudible]. It's like the sister company to Gymshark.

**Ramit Sethi:** [01:04:18] Okay. Okay. All right. I had a feeling. Go ahead. I'm sure you already have it bookmarked or on your Pinterest or your history or something. How many outfits are we talking about?

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**Nicole:** [01:04:32] Just one. I just wanted one.

**Ramit Sethi:** [01:04:35] Just one? You've been agonizing for what? Like, months over this one? Pull that outfit up.

**Nicole:** [01:04:41] This is so funny, Ramit. Okay, I'm not joking. My computer is literally not working because it's broken and I'm putting off the \$200 repair.

**Ramit Sethi:** [01:04:52] We got a lot to talk about. Michael, do you have another computer right now?

**Michael:** [01:04:58] I do.

**Ramit Sethi:** [01:05:00] Okay. So, you pull up your Gymshark type thing. We spoke for a few minutes about this computer. Okay. Nicole, I assume this computer is not even on yet.

**Nicole:** [01:05:19] It's still loading.

**Ramit Sethi:** [01:05:20] That's hilarious. This is, literally, the slowest computer I've seen in 15 years. I love how congruent you are. You know, you're struggling to turn on your computer to open up the page, which you've been struggling to buy one outfit for. Again, can you guys remind me, what's your net worth again? Just remind me.

**Nicole:** [01:05:40] 5.7 million.

**Ramit Sethi:** [01:05:43] \$5.7 million. This is gold. Listen, all I'm trying to do is get you guys to buy one gym outfit for, like, \$100. And it's taking, what, an hour?

**Nicole:** [01:05:58] It's loading still.

**Ramit Sethi:** [01:06:00] Do you guys realize how ridiculous this is? So, let me ask you this. When you go to make typical decisions, diapers, dinner, do you see the amount of friction that you have created in your own lives?

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**Michael:** [01:06:16] Yeah.

**Nicole:** [01:06:17] Yeah.

**Ramit Sethi:** [01:06:17] It's like unwinding ten different things. I mean, here we go, "Okay. We're about to buy the computer." "Wait a second. I don't have a credit card." "Okay. We're going to buy the gym thing." "Wait a second. My computer takes over five minutes to turn on." You know, it's funny, but you see the friction that you've created in your lives, right?

**Michael:** [01:06:33] We've made it difficult to spend money. We've made it actually hard to accomplish.

**Ramit Sethi:** [01:06:41] Correct. So, you have what? The shorts?

**Nicole:** [01:06:43] And the top. All ready to go in the shopping cart.

**Ramit Sethi:** [01:06:49] All right. And how much does it cost?

**Nicole:** [01:06:51] US\$100 before shipping.

**Ramit Sethi:** [01:06:55] Okay. Go ahead. Order it.

**Nicole:** [01:06:58] Okay. Check out.

**Ramit Sethi:** [01:07:01] Tell us what's going through your mind.

**Nicole:** [01:07:02] Literally, never even been to the screen before. Because I've never clicked that button. I just feel relief. Like, I never allowed myself permission to buy these clothes. And it's so nice to hear from someone else that this is totally okay and a normal thing to be able to give yourself. It's done. We did it.

**Ramit Sethi:** [01:07:31] So, what just happened?

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**Nicole:** [01:07:34] We bought the gym outfit I've been looking at forever. And we haven't gone bankrupt and the world didn't implode.

**Ramit Sethi:** [01:07:46] That's right. That's right. What do you think are the big takeaways from this?

**Nicole:** [01:07:52] That it's okay to spend money on things that you value and nothing bad will happen just because you spend some money. It's like a huge accomplishment. And I hope to be able to do that. Like, I endeavor to do this in other areas of our life, probably starting with buying myself a new computer.

**Ramit Sethi:** [01:08:17] I think that's great.

[Narration]

**Ramit Sethi:** [01:08:24] This was quite an adventure. First off, I want to thank Michael and Nicole for coming on the show and being so honest. I especially want to thank them for turning that camera around and showing me the room that they were sitting in. That was revelatory.

What I liked was Nicole connecting how she grew up to how she thinks about money today. And as she made that connection out loud for us, it became very clear that the way she behaves with money is not rational. It doesn't make sense. But just because you realized that, it's still hard. It doesn't mean you magically wave a wand and you can change. But at least you start to realize the effect that your actions are having. You start to realize why you're doing it. And with a lot more work, hopefully, you can change it.

By the way, if it sounds like I was being impatient waiting for Nicole's computer to turn on there, I was. Listen, I don't have unlimited tape. Okay? I wanted to get to it. Let's buy this shirt. The fact that it took us over 20 minutes was absolutely insane. I mean, I loved it. That was pure gold, every minute of it. But if you find yourself being a multimillionaire damn near worth \$6 million and it takes you 20 plus minutes to turn on a computer, take it directly from Ramit Sethi, it's time to buy a new computer.

In today's episode, we also heard Michael realizing that he needs to be more assertive so that his needs are not ignored. Overall, I'm very confident with Michael and Nicole,

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very confident. Financially speaking, they've accumulated a lot. They will have a tremendous amount of money. The fact that they came to me and asked for help is a really positive sign. And the way that they were able to be honest and to commit to making some changes makes me hopeful for them.

Thanks for listening to this episode, and I will see you next week on I Will Teach You to Be Rich.

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