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Nicole: [00:00:20] 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 I bring more to a 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: [00:00:48] 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.

Ramit Sethi: [00:01:13] And this has disrupted the normal dynamics of their relationship. And they came to me because they believed that they had an issue about entrepreneurship, 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 actually not about her becoming an entrepreneur, it's about something much, much deeper. Let's listen.

John: [00:01:40] 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. And 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 own savings and I can kind of do whatever I want.

John: [00:02:12] 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: [00:02:46] 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: [00:02:58] The way we've approached kind of expenses and all that is kind of divide 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 definitely put a lot into providing for our kind of family of two.

John: [00:03:26] And 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: [00:03:51] I remember about it a little bit different. I was pitching something internally in the company. I had a conversation with someone, where he 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 like 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 can pay for myself. So, it was not like, I'm not thinking about ourselves as a family.

Ramit Sethi: [00:04:36] 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.

Ramit Sethi: [00:05:04] 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: [00:05:31] It was more like I was reacting and defending myself, saying, like, if you don't want to support me, like I can support myself. I felt that we are aligned, that he wants 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: [00:05:55] Do you think that if you had the proper conversations, you would disagree, if we fast forward to the end of these conversations?

John: [00:06:05] 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: [00:06:16] Okay. And just cut to the chase for me, what are the issues up in the air that you are not aligned about?

John: [00:06:23] I think we're not aligned about, how do we not 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: [00:06:41] So, you mean, who cleans the kitchen floors? What are we talking about?

John: [00:06:46] It could get to practical points like that, yes.

Ramit Sethi: [00:06:50] What else?

John: [00:06:50] I think an upcoming thing for us is we're planning to start a family.

Nicole: [00:06:54] 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 I bring more to a 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: [00:07:41] And how did he react when you said that?

Nicole: [00:07:44] 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: [00:07:52] 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: [00:08:00] 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 taking a decision that wasn't properly discussed within us. It felt, therefore, a deeper point about kind of how we untangle this point of. Who's providing what and how does that tie into other elements of roles we play in the relationship.

Nicole: [00:08:41] Yeah, I think that I totally agree that we need to make this decision together. I also feel that sometimes, we are like thinking we are agreeing on something, but never having the explicit conversation. For two years or more, probably, I will not make any money. Like we have a very good lifestyle. We do like a lot of things that we like to do without like limiting ourselves on 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.

Nicole: [00:09:19] 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 of providing more, like I feel that I'm not valued either in the family. When we have our family, and we maybe have to make a decision of taking 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 like the right decision.

John: [00:09:52] 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: [00:10:24] How do you wish you were more appreciated by Nicole?

John: [00:10:29] It's small things, really. 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, really.

Ramit Sethi: [00:10:56] Hold on. Let's not minimize how you want to be appreciated. Did you notice you just did that?

John: [00:11:02] 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 really is the recognition.

Ramit Sethi: [00:11:16] How? How do you want to be appreciated?

John: [00:11:18] So, my first response was going to be words, but it's not really 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: [00:11:39] Is it a verbal praise? Is it making breakfast? Is it touch?

John: [00:11:50] So, I think details, in like small details, acts of love and kindness, which can be expressed through all the elements.

Ramit Sethi: [00:12:04] I just heard a lot of words, but I didn't really 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 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 absolutely love acts of service.

Ramit Sethi: [00:12:41] For example, when my wife has packed my suitcase for me when I was going to go travel somewhere, that meant a ton to me, it meant so much, or the coffee mug is clean. It's a tiny coffee mug, but it really means a lot to me. So, I'm going to give you five different love languages, and I want you to really 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. And the fifth is receiving gifts. Which would you say is the most meaningful to you?

John: [00:13:27] Acts of service.

Ramit Sethi: [00:13:29] Great. What would be an example of an active service that would be really meaningful to you?

John: [00:13:32] 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: [00:14:14] Great. Okay. Perfect. Thank you very much. Nicole, did you know that about John?

Nicole: [00:14:19] 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 be good at it.

Ramit Sethi: [00:15:05] Okay. Okay. What is your love language? How do you want to be appreciated?

Nicole: [00:15:10] 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 on our weight of thinking what we are able of giving 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: [00:16:04] Never appreciated? I don't know if I believe never.

Nicole: [00:16:09] 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: [00:16:57] Do you think that John means to do that?

Nicole: [00:17:04] I don't think that he does it in purpose. I think that sometimes, he does it like to remind me that on his side, he's trying to like 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: [00:17:32] What do you wish he said to you when you order that dinner on Friday?

Nicole: [00:17:38] 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 really like this dinner, thank you for buying it.

John: [00:17:57] 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, definitely. 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: [00:18:23] 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 actually need?

John: [00:18:45] Somewhere between five and 10 million plus a primary residence.

Ramit Sethi: [00:18:49] 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: [00:18:56] 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: [00:19:18] 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: [00:20:18] 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: [00:20:29] Exactly. John, can you understand why Nicole might feel that way?

John: [00:20:38] 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: [00:21:19] 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 really hard to save 15, or 20,000, or 30,000 in a year, the portfolio you have made that like overnight, right?

Ramit Sethi: [00:21:53] 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.

Ramit Sethi: [00:22:29] 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.

Ramit Sethi: [00:22:55] 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, it is the obligation of the higher earner to 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.

Ramit Sethi: [00:23:29] 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: [00:24:11] We joke that I want to go back to my hometown, and have like a really nice house, and then I feel that we love travelling, and I would love to continue travelling, and being able to travel with our family. We want to save and try to like give the same opportunities that we had to our kids, and hopefully like sending them to undergrad or to grad school to the US.

John: [00:24:35] 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 the Latin America had a very big crisis in the late '90s, and my dad lost his job, right?

John: [00:25:07] He had been a person that had been a decent earner, 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 in 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?

John: [00:25:44] 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 for 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: [00:26:25] Let's pretend just for the sake of this conversation that the same thing happens to you. You get laid off, jobs disappear, what's your financial situation going to be 10 years from now?

John: [00:26:41] 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: [00:26:58] 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.

Ramit Sethi: [00:27:33] 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 actually want to do with this money? You have accomplished a lot that I don't know you've really sat back, and take an account, and said, wow, like we did it.

Ramit Sethi: [00:28:06] 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.

Ramit Sethi: [00:28:41] 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?

Ramit Sethi: [00:29:18] Because what if this goes on for 10 years, then you're not making any money, let's have a discussion about 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.

Ramit Sethi: [00:29:50] John, you're still playing defense as 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: [00:30:39] 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, which I spend a lot of time teaching things to, whether it's sports, or working out, or philosophy, doing their homework, et cetera. We travel.

John: [00:31:16] 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, weeks, 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 in Buenos Aires, and we just live life there normally.

Ramit Sethi: [00:31:53] This is pretty amazing. Compare this to their answer earlier, total night and day answer in the vividness of what their rich life is.

Ramit Sethi: [00:32:04] Nicole, I want to hear from you. What does it feel like to hear John's vision?

Nicole: [00:32:10] I loved it. We have talked about like exactly like how he pictured, but we have never talked about it, like 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: [00:32:36] 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 small, but important part of it. There's so much more than money. Okay. The money part is great.

Ramit Sethi: [00:33:06] 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. There's all these things that are equally or more important than money. And so, I would love for the two of you to really start thinking about that.

Ramit Sethi: [00:33:34] 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.

Ramit Sethi: [00:34:05] 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, 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 actually really about much more than this microdecision. It's really about the rest of your lives together. Here's what you'll find next week on the I Will Teach You To Be Rich podcast.

Laura: [00:34:43] But I think what you said first, that's the problem, it'll be fine. We don't want our lives to be just fine, though, right? We'd want it to be better than fine. We want it to be great.

Greg: [00:34:53] Okay.

Laura: [00:34:53] Well, no, we would, we would want it to be better than fine.

Greg: [00:34:56] Yeah. But like I mean, I guess it depends, like what your priorities are. Well, I just don't have a lot of trust in certain things, like for a lot of reasons, right? I guess I've just kind of been like an old-fashioned guy who just puts money in the bank, and then that's it, right?