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Ramit Sethi: [00:00:49] I'm Ramit Sethi, and you're listening to the I Will Teach You To Be Rich podcast. This is the podcast where I feature real stories about love and money from behind closed doors. Today, I'm speaking with Adam and Elizabeth. Now, both of them have lived with considerable debt, but they've taken two totally different approaches to dealing with it. At one point, Adam had \$75,000 of debt, but one day, he was sitting down getting his haircut, and he realized he wanted to make a change.

Ramit Sethi: [00:01:23] And so, you're going to hear him tell the story of how, overnight, he decided to pay off his debt and how he paid it off within nine months. Okay. Compare that to what his partner is going through right now, Elizabeth. She's living in debt right now. She's about to start her fourth year of grad school, and she's almost \$100,000 in debt. Now, you're going to hear her call herself some pretty negative things in this episode, which is heartbreaking. Now, even though they have both been in debt, they're fighting over their different approaches with money. My goal is to see if we can get them on the same page. Let's listen. On balance, what do you feel about going back to grad school and incurring this debt?

Elizabeth: [00:02:10] I think it's going to be a good career move for me. I just can't see the light at the end of the tunnel.

Ramit Sethi: [00:02:15] Why is that?

Elizabeth: [00:02:16] Just because I've never had this kind of debt before, I didn't really, again, know what debt was until my mom said, okay, you're out of school now, you're going to start paying your loans off. I'm like, oh, I didn't know that was a thing. Like, let's be an adult here. So, that kind of slapped me hard in the face, but it's just like horrible to see that every year, I'm putting 10 grand on each semester, if not more. It doesn't seem

to get any better. I had a car issue, and I went on a whim with my dad, and I bought a new car, and didn't tell him at all. I just did it within hours of finding out that my car couldn't get fixed. He wouldn't talk to me. It caused a huge issue.

Ramit Sethi: [00:02:59] Well, what kind of issue?

Elizabeth: [00:03:01] That he says, like, we're not married, but we want to think about like our finances together and we should have conversations like that, especially for a big purchase. And I didn't even think about talking to him, honestly, because I said, well, it's my money, I'm doing what I want with it. Then, I understand his point of view, but I felt like this is my life and I should be able to do what I want with it. He was so angry, he wouldn't talk to me. He was pretty much saying that I made a huge, stupid mistake, and I'll learned from my dumb lesson. I felt a little belittled a little bit. Like I'm an adult, I can buy a car, but I kind of understand where he's coming from, but it was hard to see it at the time.

Ramit Sethi: [00:03:46] And what happened the next day or the day after?

Elizabeth: [00:03:50] I guess like for the last couple of weeks, he would constantly, if I said something about my car, he'd come back at me, and say, oh, well, since you did this and wasted your money on that, like bringing it up when it wasn't necessary. And it makes me more mad that that's how he expresses his emotion about how upset he was that I just bought the car.

Ramit Sethi: [00:04:13] How do you feel about the car?

Elizabeth: [00:04:15] I mean, I thought I needed it. I need it for my job. So, I thought, I have like do this now or never, I can't live without a car, so I love my car.

Ramit Sethi: [00:04:24] Well, what kind of car is it?

Elizabeth: [00:04:26] It's a Ford EcoSport.

Ramit Sethi: [00:04:29] Okat. What is that, a car or an SUV? What is that?

Elizabeth: [00:04:33] It's kind of like an SUV, I guess.

Ramit Sethi: [00:04:34] Okay.

Elizabeth: [00:04:35] Yeah.

Ramit Sethi: [00:04:36] So, what do you love about it?

Elizabeth: [00:04:38] I love the color, because my favorite color is red. I never had like a car that had like leather seats. It has heated seats, like a heated steering wheel. It has a bunch of luxury accessories, so I love that.

Ramit Sethi: [00:04:50] I can hear you light up as you talk about this car. What's really interesting to me here is that this car, this cause of this huge fight between them seems to be a really good purchase for Elizabeth. It might not have been a good purchase for Adam, and there's definitely something to be said for them not communicating about it, but what strikes me is that she doesn't sound like she regrets buying the car at all, and yet did you hear the way she described her decision to buy it? It's so interesting that some of the other words you use to discuss it are words like dumb, stupid, mistake, so how do you reconcile those two things?

Elizabeth: [00:05:32] Again, it was like really hard to—in the beginning, when he was making me kind of feel upset about doing it, I was kind of like stepping back, like maybe I shouldn't have done that, whatever, but then I really do love my car, and I thought it was a good purchase for me, and I have to remind myself that, sometimes, it's something that I want, and I should respect my wishes.

Ramit Sethi: [00:05:54] Yeah.

Adam: [00:05:55] So, I want to preface it, this was like three years ago, and I feel-

Elizabeth: [00:06:00] No, it was last year.

Adam: [00:06:01] Last year. Either way, I feel like we've made strides since then, both of us. So, the background to the car purchase was she had a car that was running fine,

and then all of a sudden, like out of the blue, boom, the engine blew, took it to the shop, the people at the shop said, the engine is done, you need a new car, that's all.

Ramit Sethi: [00:06:23] Well, hold on. Before we go on, I just have to ask a question, was that car a Ford?

Adam: [00:06:28] It was, yeah, so is her new car though.

Ramit Sethi: [00:06:29] Why do you guys keep buying Fords when they always break down? What is the problem here?

Adam: [00:06:34] Are you against Ford?

Ramit Sethi: [00:06:35] You know what Ford used to stand for, and I argue, still stands for, found on roadside dead, or fix or repair daily. Okay. I'm just messing around. We had a bad experience with a Ford Tempo in my childhood, so I'm still bitter, but it sounds like the one you got is a lot better. Okay. Sorry, Adam, back to you.

Adam: [00:06:55] She took the car to the shop and it was in there for what, like a week or so. And the mechanic said, look, the engine is dead, the car is not fixable, that's all. And so then, I received a text that says, or maybe it was a call, that says, oh, the mechanic said that the car isn't fixable, and like immediately, I know people, like I know ways to go to the junkyard, get a spare engine, put a spare engine in a car, or even put a new engine in a car, so like now, I'm getting all these ideas like, oh, no problem, we'll just get an engine, that'll be a quick one week from now to have a new engine in it, and it'll run like new, like there was no problem with the car.

Ramit Sethi: [00:07:34] So, you heard the problem, you wanted to fix the problem?

Adam: [00:07:38] Right. And then, like literally, I'm saying that out loud, and then as I'm saying it, she says, oh, well, it doesn't matter, because I traded that car in and I have a new car now. I was like, oh, my goodness, it just caught me off guard. That's all. And not to say that it was a bad purchase in the end, like it may have been a good purchase, but the problem was that we didn't decide it together. And like Elizabeth said, we're not married and it is her decision in the end, but it just felt like, we're living under the same

roof and things like that, so it just felt like we could have communicated, and I was caught a little off guard.

Adam: [00:08:24] And the reason I decided, back then, would I have done it the same way? Probably not, if I'm doing it today. But the reason I decided back then was for the weeks following the purchase to sort of throw it into conversation and just like jab it in there, like that car, was because I was trying to simulate the feeling of making a prudent financial decision or like being in debt, because like I've had those feelings for real in my life, and that's why I'm so the other way.

Ramit Sethi: [00:09:00] So, hold on. So, let me make sure I'm understanding. So, she would bring up something about her car a couple of weeks after buying it, and then you thought to yourself, okay, let me jab a little. Let me say, well-

Adam: [00:09:11] Just to feel a little like, oh, you know what I mean?

Ramit Sethi: [00:09:16] And Elizabeth, what kind of thing would Adam say?

Elizabeth: [00:09:19] Like if I was talking about like, I don't know, something good that happened or something that I bought, he'd be like, oh, like just like that car that you spent this amount of money on, I'm like, okay.

Ramit Sethi: [00:09:31] When you rolled your eyes, what would you be thinking in your head?

Elizabeth: [00:09:34] Like, get over yourself, it's done, there's no going back, like we need to just move into the future.

Ramit Sethi: [00:09:40] Okay. And Adam, I've got to say, I'm fascinated by the job psychology here. What were you trying to do with the jabs? What was the goal there?

Adam: [00:09:53] I just sort of wanted to simulate the feeling of being in a lot of debt or making a poor financial decision, and like I know, I've had feelings like that in the past, and it like hits you in the gut like, oh, I shouldn't have done that, or, oh, I wish I didn't have this much debt, things like that.

Ramit Sethi: [00:10:15] When you were in debt, did you have somebody jabbing you?

Adam: [00:10:20] No, but I was trying—I didn't, you're right.

Ramit Sethi: [00:10:25] What I like about what you said is it wasn't an accident, you really did this strategically, so the great thing about this kind of call is you get to find out if your strategy worked. So, why don't you ask Elizabeth, did your strategy accomplish the goals that you were going after? Ask her.

Adam: [00:10:44] Did my strategy accomplish the goals I was trying to achieve, Elizabeth?

Elizabeth: [00:10:48] Absolutely not.

Adam: [00:10:50] I'm sorry. I'm sorry, babe. I wouldn't do it the same way.

Ramit Sethi: [00:10:56] Okay. So, Adam made a boneheaded move. He knows it. She knows it. Everybody knows it. I think we can find a little levity in situations like this. When somebody acknowledges they made a mistake, that's a great opportunity to accept it, laugh, and then move on. Yeah. Long term, we want to build systems and change our money psychology, but for now, let's lock in the win.

Ramit Sethi: [00:11:22] Elizabeth, do you want to tell him what it did accomplish?

Elizabeth: [00:11:26] You accomplished like hurting my feelings, that's kind of what I felt at the time, like it made me feel like stupid, like I made a horrible life decision. Not going to lie. Like really, I hated every time he did it and he did it a lot. So, I was really upset about it, because I'm like, can you please just push this behind us? It's done. I don't know why we're reminiscing on it.

Ramit Sethi: [00:11:49] Boom, done. Now, let's move on. Adam thinks this was just about the car jabs, but I'm willing to bet there's a history here. I'm going to probe him on it, because I want to connect his views on money today with what happened in the past. Remember, he used to be in severe debt. Walk us back to that time in your life. I'm

guessing you're in your early 20s at that point, and you have 75K of debt you're walking around with, what was life like for you on a day-to-day basis?

Adam: [00:12:22] I was at my barber getting my haircut, and I'm kind of saying this to him like, oh, so it's hard, and it's tough to make it, but he put me on to Dave Ramsey, bought his book, and then just literally did that step by step for the next nine months, and worked seven days a week, like honest to God, 16 hours a day, and I was just like, This is all I'm going to do, not go out to eat, not see friends, not going on vacation, not buy anything, I'm going to get out of debt as fast as possible right now, and I did, in about nine months.

Ramit Sethi: [00:12:55] So, that nine months of paying off that debt, what was that like when you look back at that time?

Adam: [00:13:00] Hmm. I loved it. Yeah, it was awesome. It was like chasing a goal, like I'm goal-oriented and this goal is so easy to see the progress. Like you can put it right up on a chalkboard, and like, this side is how much left, bam, paid this off, bam, paid this off. It's a great feeling.

Ramit Sethi: [00:13:21] Okay. What do you notice? There's one big clue. Did you catch it? Adam described being in debt and getting the wake-up call from his barber, but those weren't the real clues. You see part of mastering your money psychology is learning to listen to an enormous amount of information, but discarding 95% of it to find the golden nugget. That single thing that actually matters.

Ramit Sethi: [00:13:45] The real clue, the one clue that matters is that he loved paying off his debt. He loved it. In fact, the more severe the challenge, the more he loved it. Work seven days a week, done, 16 hours a day, no problem. Personally, I love his energy. I love setting that big goal, and then working to achieve it. But guess how his experience affects his view of money. Here's a hint, how do you think he feels about other people who are in debt?

Elizabeth: [00:14:20] He's been always goal-oriented and all about money, so that makes perfect sense to me.

Ramit Sethi: [00:14:25] All about money means what?

Elizabeth: [00:14:27] Like more so if I buy this, I will spend it with cash, I will not take out loans, no credit cards, that kind of thing.

Ramit Sethi: [00:14:38] And does that strike you as unusual or surprising at all?

Elizabeth: [00:14:43] Kind of, because I wasn't like that, and kind of I'm still not, I guess. I've never owned a credit card, whether that's a good or bad thing, I don't know. My debt is disgusting, if that's the right word to use. I have a lot of money, because I'm in school again, and I'm just digging a bigger and bigger hole.

Ramit Sethi: [00:15:04] Let's talk about that for a second. So, I mean, those are pretty strong words, disgusting, digging a hole. So, let's talk about that. Before we get to the numbers, when you think about your debt, what words come to mind for you?

Elizabeth: [00:15:20] Horrifying. Disgusting is the best word for it, because I've always been like, I don't want to say a penny pincher, but I've been frugal my entire life, and to see the amount of money that I am accumulating in debt like absolutely is disgusting to me, and I can't control it.

Ramit Sethi: [00:15:39] And you grew up frugal, were your parents frugal?

Elizabeth: [00:15:44] My mom was. My dad didn't really like spend money. Yes, she was frugal, but she loved spending money.

Ramit Sethi: [00:15:51] On what?

Elizabeth: [00:15:52] Like shoes, stupid things that she didn't need for like a trip, like stuff that she probably already had, just didn't want, like she wanted the newer item.

Ramit Sethi: [00:16:02] Okay. And what do you remember growing up about your family and money?

Elizabeth: [00:16:08] My family, I like grew up very well off. Money never seemed like an issue. Granted, I don't really know behind the scenes, but it never seemed like an issue for them. They had their cars paid off. All the cars that I had were bought by my parents and they were completely paid off.

Ramit Sethi: [00:16:26] I don't know. I suspected there was a connection with her parents, but it didn't quite pan out. You might have caught her mom—you might have caught her say that her mom used to buy all these stupid things she didn't need. Again, that's pretty strong language, but I don't really think there's much here for now. So, I'm going to leave that thread open and move on. And this is actually a great meta lesson. When you talk to your partner about money, it's a very valuable skill to know when to move on. You have lots of chances to talk about money. You don't have to cover everything at once. So, just open up a few conversations, have a little laugh, and then move on.

Ramit Sethi: [00:17:07] You already mentioned, you don't feel confident about money, in fact, you shy away from it.

Elizabeth: [00:17:12] Right.

Ramit Sethi: [00:17:13] What is something in your life you do feel confident about? Give me a couple of examples.

Elizabeth: [00:17:17] Like how I project myself to people. Like I know I have a bubbly personality, and I know that I'm not afraid to show that and I'm not afraid to be heard. So, I feel that is like a big thing for me, because I never used to feel that way, but now, I do. I'm comfortable with myself, and that's a good feeling.

Ramit Sethi: [00:17:36] That's really interesting. So, sounds like personally and professionally, you feel confident. And what is most interesting is that you didn't used to feel that way and something shifted, can you give me a basic approximate age when that shifted for you?

Elizabeth: [00:17:52] So, I'm a twin, and I think I used to be the shy one, not really like talking to anybody, kind of self-reserved. She was the social butterfly. She had to go to

all the events, whatever. I think that shifted probably when I got to like sixth grade and I started like talking more. When I went to college, like that was a whole different light for me and I really just shine.

Ramit Sethi: [00:18:18] Love that. And can I go out on a limb and guess that when you were younger, your parents would describe you as, she's the shy one, and oh, she loves being around people. Is that what would happen?

Elizabeth: [00:18:31] Mm-hmm.

Ramit Sethi: [00:18:33] And how do you think that that label affects you?

Elizabeth: [00:18:38] I want to say maybe like it made me feel like the cast away, I guess, like I'm just like, I don't belong, just like my mom's a social butterfly, too, and like I want to be like her, like my sister, competing to be that way, and I just couldn't at the time.

Ramit Sethi: [00:18:56] Yeah. And after you started to flourish, was there a while where your parents still referred to you as the shy one where you had changed your own opinion?

Elizabeth: [00:19:08] A little bit. Like then, it's like I still had that shy, and then it was like, oh, well, she's the star, I was the scholar, I was the athlete, I became this whole different person, I completely changed dynamics as I was growing up.

Ramit Sethi: [00:19:23] She was describing herself. Are you starting to see that connection now? Words really have power. Remember earlier when Elizabeth used those extremely negative words to describe her debt? She said, stupid, disgusting, horrible. She wasn't only describing her debt, she was describing herself. Are you seeing the connection now? The words you use, 'm picking up on a lot of them, worry, disgusting, horrible. Is that accurate in how you feel about your financial situation?

Elizabeth: [00:20:04] Yes.

Ramit Sethi: [00:20:04] Okay. And if you had to describe something physical, how would you describe that on your body?

Elizabeth: [00:20:12] Shaking, almost like my whole body is going to explode. Like I get so nervous talking about it, like I can hear my own mouth right now, like just shaking back and forth, because I don't like to talk about my debt.

Ramit Sethi: [00:20:27] Yeah, you don't like to talk about it, because what?

Elizabeth: [00:20:31] Because of how high the number is. And I feel like I'm like being judged a little bit, but I know like, again, how Adam said, like his mom said, everybody has debt, it's just part of life. I don't want to see it that way, but I don't know how to get out.

Ramit Sethi: [00:20:46] Okay. Well, first of all, how would it feel if I were to tell you that there's definitely a light at the end of the tunnel, and you absolutely will be able to pay off your debt? How would that feel?

Elizabeth: [00:20:57] Good. And I know that right now that I'm in school, like I'm not obviously making as much as I was before I went back, and I know that once I get to my career, I will feel a little bit lighter, it's just, I'm struggling to see it now.

Ramit Sethi: [00:21:15] Yeah. Keep going on that metaphor of feeling lighter. If you mentioned that it feels shaking in your body, your teeth, you can feel that shaking, now, just for a moment, pretend with me, pretend that that feeling was gone, and that it was just, you never felt that again. What would that feel like to you? And kind of walk me through it physically, the shaking, where's the shaking going?

Ramit Sethi: [00:21:42] Is it going up? Is it going down? Talk me through that. These questions might seem a little odd, but I'm asking them for a specific reason. I want her to get out of her head. When she describes how her debt feels, how it physically feels, you can actually hear her describe these finances in a totally different way. It's much more vivid. She's actually feeling it as we're all listening.

Elizabeth: [00:22:07] I'm going to say the shaking is going to go down, like completely leave my body down to my feet, and if I didn't have to worry about this, like I would actually feel less stress. My head would be in a clearer space, like anxiety would be gone, like I wouldn't have to think about it.

Ramit Sethi: [00:22:26] Okay. Fantastic. I mean, what would it feel like to be able to wake up, get in the car, the beautiful red car you have, driving, you've got a big smile on your face, I mean, how would that feel to you?

Elizabeth: [00:22:37] Oh, that would feel almost heavenly, like euphoric.

Ramit Sethi: [00:22:44] Yeah, those words, to me, are words that belong in a rich life. Euphoric, heavenly, light. That's beautiful. And we could get there, we can get there, but we need to do a little bit of digging before we figure out how. What label do you think you give yourself now? Let's think about money, for example.

Elizabeth: [00:23:09] Oh, now that I have adult money?

Ramit Sethi: [00:23:13] What were the words you used to describe yourself and money in the first five minutes of us talking.

Elizabeth: [00:23:21] Like horrible, and dumb, stupid, disgusting. Yeah.

Ramit Sethi: [00:23:27] So, how do you think you using those labels for yourself affects the way that you behave with money?

Elizabeth: [00:23:35] Oh, it feels really bad. Like those are strong words that I describe that and I think that's like my problem, too. Like I know that I have those like characteristics about it, but I try to throw them in the closet and pretend they're not there until it comes up.

Ramit Sethi: [00:23:52] Yeah, you're trying to change, but you have a leash around your own neck, and that leash is of your own making. You're holding the leash, and the leash says, I'm stupid, I'm dumb, I'm horrible. Out of curiosity, by the way, would you ever call anyone at work, dumb, stupid, and horrible?

Elizabeth: [00:24:16] Yeah, sure, I would probably say-

Ramit Sethi: [00:24:18] You'd call them that to their face?

Elizabeth: [00:24:19] No, no, no, my God, no, I would never say that out loud.

Ramit Sethi: [00:24:22] Okay. Damn, that did not go the way I thought it would, but I think she gets the message. Okay. Would you ever call someone to their face in your family dumb, stupid, and horrible.

Elizabeth: [00:24:36] No, I don't think so, I would say more their actions, but I would never say like, you are stupid.

Ramit Sethi: [00:24:42] Okay. So, how come you say you are stupid to yourself?

Elizabeth: [00:24:46] Yeah, I don't know. I don't know if that's just like making me—I want to make myself feel that to push through that I am maybe making horrible decisions with money. Maybe it's like a wake-up call.

Ramit Sethi: [00:25:02] Does it work?

Elizabeth: [00:25:03] No.

Ramit Sethi: [00:25:04] No, it doesn't. But I am curious, what do you get out of it? Because you do get something out of calling yourself dumb, stupid, and horrible? What is it?

Elizabeth: [00:25:15] I mean, it's definitely not gratification, I don't even know why I do it.

Ramit Sethi: [00:25:18] You want to ask Adam what he thinks?

Elizabeth: [00:25:22] Yeah, what do you think about that?

Adam: [00:25:26] I think you may get an excuse not to engage in money conversations with us.

Elizabeth: [00:25:37] That is true. I guess I do say like when I am faced with that conversation, I do say I'm dumb, I don't understand why you're saying.

Ramit Sethi: [00:25:45] Wow.

Elizabeth: [00:25:47] I use that a lot.

Ramit Sethi: [00:25:48] And Elizabeth, do you think that you consciously are using that?

Elizabeth: [00:25:54] Again, like I feel dumb right now, like I don't really know.

Ramit Sethi: [00:26:01] You hear that? Notice that automatic unconscious retreat to saying she feels dumb. You can't get a more obvious clue than that. You don't have to feel dumb. Nobody knows you better than you. So, tell us, you're using this consciously, tell us more.

Elizabeth: [00:26:18] I don't know. Like sorry, I don't want to be like emotional about it, I know like I can do better, but I just can't let myself. Like it's like I put up this invisible wall that's not making me go forward. I'm stuck.

Ramit Sethi: [00:26:39] Stuck.

Adam: [00:26:40] So, I feel like a lot of this stuck feeling, and just these high emotions that Elizabeth is experiencing are partly because of me, because I feel like I put such a high value on money. She worries that it's like she doesn't live up to my expectations or something like that, then I might be disappointed or whatever, and that will never be the case. The importance of money, I know, is not as important as our relationships.

Ramit Sethi: [00:27:16] I don't know if I believe that. I don't know if I believe that. I appreciate the candor. I do think that you put a lot of pressure on her. Elizabeth, would you agree?

Elizabeth: [00:27:25] Yeah, a lot.

Ramit Sethi: [00:27:26] Yeah, a lot.

Adam: [00:27:27] So, realistically, and I've actually never told this to you, Elizabeth, but this is truly how I think, realistically, I know that \$100,000 in debt, even if you had a single income, that the income you're going to have when you get out of school is nothing, you could do that in one year if you wanted to, just work your regular job out of school, and pay the debt off. We'll be married, and I have an income as well, and we're going to attack this debt together. I'm not worried about the debt, like that is going to go away quickly, and I know that. Pretty much, the whole thing of this that I've been doing of just putting the, I don't know, like putting debt on this pedestal-

Ramit Sethi: [00:28:17] Can I interrupt for a second?

Adam: [00:28:18] Yeah.

Ramit Sethi: [00:28:18] So, you just had this very nice sentence you shared with us about you're not worried about debt and she could even pay it off if she was just on a single income. I hear you. I know you're seeing the math floating in your head. I see it. Do you think she believes what you just said, deep down?

Adam: [00:28:38] I don't know. Do you believe that, Elizabeth?

Elizabeth: [00:28:43] To a certain extent, I guess. I don't know. It's uncomfortable.

Ramit Sethi: [00:28:50] I don't like cutting my guests off, but Adam was about to take us down a very unproductive direction and I saw it happening from a mile away. Here's what just happened. He had this very nice comment about how, realistically, she could easily pay off her debt quickly, which he knows, because he understands the numbers and he used to be in debt, too. There's just one big problem, Elizabeth isn't hearing a word of what he's saying.

Ramit Sethi: [00:29:17] Sure, she can hear it, but she's not really listening. She doesn't believe it. And that's because Adam is approaching this from a tactical, logical approach. Did you hear what he said? A hundred thousand dollars in debt, one year, you could pay that off, it's nothing, I'm not worried. Yeah, but she is. For someone who calls themselves stupid and lacks confidence in money, none of what Adam said means anything.

Ramit Sethi: [00:29:47] In fact, it often makes them feel worse, because their partner just doesn't understand them. I cut Adam off, because he wasn't looking at Elizabeth as he launched into this grand monologue, and she was starting to withdraw. I want to give him a chance to redirect it and really reconnect with her. How do you want to proceed, Adam? This is a golden opportunity for you.

Adam: [00:30:15] So, it's uncomfortable. What feelings are you feeling right now? What is making it uncomfortable?

Elizabeth: [00:30:22] I'm feeling like a little taken back a little bit, confused in a certain sense, kind of like, I mean, I feel like upset.

Adam: [00:30:32] I see. Well, I guess where I was going with that is not to make it seem like money is the most important, I was trying to make a point that, actually, not worried about the money, I know you could pay it off at any time, and even if you didn't pay it off, and you wanted to-

Ramit Sethi: [00:30:53] Stop, stop, stop.

Adam: [00:30:53] Okay.

Ramit Sethi: [00:30:54] You're going into monologue land.

Adam: [00:30:55] Yes, sorry.

Ramit Sethi: [00:30:56] Nobody wants the monologue. Watch this, watch this. Hey, Adam, I have a really bad sunburn on my arm, it really hurts, and I'm worried that it's

going to hurt even more, and it's going to leave a permanent scar. Now, give me the same answer you gave Elizabeth in your monologue.

Adam: [00:31:19] No, it won't be on for the rest of your life.

Ramit Sethi: [00:31:22] Yes, you said, I'm not worried, in fact, I know that the sunburn, based on the geometric numbers of the SPF 45 is going to blah, blah, blah, blah, blah, blah, blah.

Adam: [00:31:32] I should be here with you, I'm here with you.

Ramit Sethi: [00:31:34] Yeah. How do you think I feel when I'm telling you I'm worried about this scar on my skin for the rest of my life, and your answer is?

Adam: [00:31:41] No, don't worry about it.

Ramit Sethi: [00:31:44] Don't worry about it.

Adam: [00:31:45] Yeah.

Ramit Sethi: [00:31:45] Elizabeth, am I getting that approximately right?

Elizabeth: [00:31:48] Yeah, that was actually a good analogy there.

Ramit Sethi: [00:31:52] Okay. So, why don't we try this again? And let's not get into the numbers, because that is the temptation, especially of anyone who has been through a debt payoff, or investment, or anything, like that's what I did, and it did not go well in my own relationship when I first started talking about money. Let me tell you what happened in my relationship. My wife and I were engaged, and we finally started talking about money. I know, I know, I broke my own rules.

Ramit Sethi: [00:32:17] I should have brought this up earlier. Anyway, we finally started talking about our salaries, and investments, and all that stuff. I was loving it. Hey, finally, I get to share all these cool systems I built. So cool. And then, we started talking about a prenup. And at first, it was actually pretty good, but soon, it got really, really hard. And

looking back, my wife and I would both agree that we didn't approach it from the best place, as she approached it from a position of scarcity, but do you know what I did?

Ramit Sethi: [00:32:46] I rushed straight to the numbers, hey, here's why the number is so logical, makes perfect sense if you just factor in a 4% safe withdrawal rate, which I really think is too conservative, so we could do 3.5% knowing that you can likely get a 7.8% percent return. Of course, that includes inflation, hahaha, then the numbers actually just write themselves. Fuck, I hate my past self. That's why I want to save a lot of you logical dorks from yourself. You know who you are.

Ramit Sethi: [00:33:13] You have a little success with numbers. You read a fire form, or 40 of them, maybe you understand compound interest a little bit, suddenly, you think everyone can logically see the world the same way you do. Hey, dorks, logic is great, but it's just one tool, and sometimes, it's the least important tool. That's where a lot of problems happen, when you try to rush to the numbers, just as I did. Now, the numbers matter, but if you've been listening to this podcast, you know that they're actually one of the last things that you nail down. Rich life first, then the numbers.

Ramit Sethi: [00:33:51] So, Elizabeth, can you start us off again? Tell us how you're feeling about your debt, that amount that you have. And then, Adam, I want you to really think about your approach here. You have a golden opportunity to demonstrate the importance of your relationship. Go ahead, Elizabeth.

Elizabeth: [00:34:10] The way I feel about my debt is it makes me feel stupid that I got here. It's disgusting about how much I have accumulated over the years uncontrollably in some sort of sense again, and I feel like I'm stuck in this hole that I'll never be able to get out of, and I don't see how it's going to get better right now.

Adam: [00:34:31] Well, life is going to go on and I'll be here with you to figure out how it's going to get better as we grow together.

Elizabeth: [00:34:44] I know that you want to help me, and I know that you want to like help me understand, and make better choices, but like I just don't want this to be all about money, and that's kind of what it seems like.

Ramit Sethi: [00:34:58] Play that out for us. If it is all about money, okay, and you graduate, you have all this debt, play that out, what happens in this relationship?

Elizabeth: [00:35:12] It'll almost be like a contract that I'm signing that says I need to have this amount of time to pay off my debt in this allotted time frame or something bad will happen, him not wanting to be with me because I have all this debt. And I think that was always my biggest fear.

Ramit Sethi: [00:35:35] So, Adam, hearing this, how do you feel hearing Elizabeth say this?

Adam: [00:35:43] Putting myself in Elizabeth's shoes, that must be terrible to go through life and a relationship that way. And I wish there was some way I could convey to you and you believe me that that will never be the case.

Elizabeth: [00:36:01] I completely believe you. I do. Like bottom of my heart, I believe it.

Adam: [00:36:06] You just have that feeling still?

Elizabeth: [00:36:08] Yeah, I can't shake it until like I kind of see like a more better turnout for me, I guess.

Adam: [00:36:14] What do you mean by better turnout?

Elizabeth: [00:36:16] Like when I actually start getting this money, and putting it actually towards the loans, and be done with having loans, and just focus on paying those off instead of, I'm in school, it just keeps getting higher and higher.

Adam: [00:36:32] So, that sounds like you almost feel underwater, because I mean, you only have a few more semesters, but the loans are still piling and that makes you just feel like this weight.

Elizabeth: [00:36:48] Like I can't get out of the hole that I dug, there's no ladder yet.

Adam: [00:36:54] I got you. How do I support you through this short time until the ladder arrives?

Elizabeth: [00:37:01] It's like, I appreciate you like helping me, and giving me, providing me resources to help me through that, but I don't want to have every conversation have to start with money.

Adam: [00:37:15] Got you. I understand.

Ramit Sethi: [00:37:18] Okay. That was fantastic, watching the two of you engage in this dance, and it's a new dance you're both learning, so everybody's a little bit uncomfortable, but you're both giving it all you've got, and that is really fantastic. I appreciate Adam's question. How can I support you? Love that. And Elizabeth, I appreciate the candor, which is, hey, I appreciate some of the resources, but really, I don't want everything to be about money. Let's zoom out for a second.

Ramit Sethi: [00:37:47] We have not gotten to things like creating a debt payoff plan, because that is a technical, tactical thing, and it's covered in my book and all over the place, that's not going to solve the problem. I could show you right now exactly the month and year that your debt will be paid off, they'll have zero effect on how you feel about money, Elizabeth, and Adam as well. It'll have zero effect on your relationship. The deeper issues here, can both of you spot what some of the deeper issues are?

Adam: [00:38:19] There needs to be a little bit more of like psychological safety in the relationship, and that needs to be the bedrock of this. And then, these tough conversations can come after that.

Ramit Sethi: [00:38:34] Elizabeth.

Elizabeth: [00:38:34] I completely 100% agree with that. I mean, I do think, over time, we've gotten better at communicating and I know I've always struggled with that, but it's a scary topic for me and I'm trying to do what I can to better us in that sense.

Ramit Sethi: [00:38:50] I love this concept of psychological safety. I want to talk about what that would look like, specifically if I were to come into your house and observe you

two having a conversation or even a fight about money. What would it look like if the two of you were in a psychologically safe relationship? This is really important. They've both agreed that they need more psychological safety, and they're right, but I'm pressing them now to define it.

Ramit Sethi: [00:39:20] What is psychological safety? What would it look like? You'll find that the same scenario happens in your own money conversations. You or your partner will say something like, we just need to be more supportive of each other, and you'll both nod, and you'll agree, and then the next day, you'll go back to doing exactly what you used to do. When I work with students, whether it's on the podcast or in my programs, I insist on getting specific down to the observable behaviors.

Ramit Sethi: [00:39:55] Now, just imagine if I were sitting on your couch observing the two of you talking about money, I'm eating a habanero salsa that I brought in my own Ziploc bag, because fucking Tabasco is not spicy, here's my question for you, how would I know that you're both providing psychological safety? Would it be a specific phrase that you would say? Would you have an index card that you would use with a checklist on it? Would it be that you have an agenda and you talk about money on the first of every month? I want to see the behavior, not just the feeling. Feelings are powerful, but without behaviors, they're often misleading or ephemeral. Tie those specific behaviors in and you're going to see real lasting change.

Adam: [00:40:45] Just having the ability to make it through a full conversation about money, whatever it is, tactical stuff about how we're going to pay this debt off or thinking about the next purchase and emotion is not rising.

Ramit Sethi: [00:41:02] Specifically, what does that mean, emotion is not rising?

Adam: [00:41:04] Nobody's muscles are tensing up, nobody is saying, I always look out for you always, like you always talk about money or you always whatever, no one is saying that.

Ramit Sethi: [00:41:20] What are you saying instead?

Adam: [00:41:23] Just literally anything on the subject.

Ramit Sethi: [00:41:27] Notice how hard it is for Adam to get specific. This is so common. I'm going to keep pushing him. By the way, I sound really mean in these comments, but I was absolutely loving this, so I'm not sure why I sound like a prison guard yelling at someone. Sorry, Adam.

Adam: [00:41:42] I guess I'm thinking more of like a technical conversation that can go anywhere.

Ramit Sethi: [00:41:47] It's not the technical, what are you saying instead, it doesn't matter what the topic in personal finances, you've told me you're not going to say things like, you always do X, what are you going to say?

Adam: [00:42:00] I just feel like maybe I people would be saying, I feel, instead of-

Ramit Sethi: [00:42:06] Okay. So, you're going to talk about feelings. Good.

Adam: [00:42:08] Yeah.

Ramit Sethi: [00:42:08] What else?

Adam: [00:42:10] And just like reassurances, like I'm here with you, this kind of thing.

Ramit Sethi: [00:42:14] Love that. And let's talk about that last 60 seconds of the conversation. Maybe it was a pretty controversial, or provocative, or even heated discussion, what happens in those last 60 seconds of the conversation? What are you going to be saying to each other then?

Adam: [00:42:29] Just like, okay, wow, I'm glad we came to that conclusion, I'm glad we had this conversation.

Ramit Sethi: [00:42:36] Watch this, Adam. Elizabeth, in that last 60 seconds of a psychologically safe conversation, what are you saying to each other?

Elizabeth: [00:42:45] I love you.

Adam: [00:42:46] I love you, yeah.

Ramit Sethi: [00:42:47] Guys, come on. You love each other, and the way that you can express that is if you feel safe. Now, I'm going to guess, I'm going to go on a big limb here, the last 10 times you talked about money, you didn't look each other in the eye, and say, I love you, at the end of that conversation.

Elizabeth: [00:43:04] Is that right?

Elizabeth: [00:43:04] That's spot on. That's spot on.

Adam: [00:43:07] That spot on.

Ramit Sethi: [00:43:08] As you can tell, I am loving this, and so are they. We can have fun even though money can be stressful. And this is an awesome moment to create new rituals. Some of their rituals involve new habits, like saying, I love you at the end of a money conversation they have. Some of their rituals will involve getting rid of old stories that they used to tell themselves.

Ramit Sethi: [00:43:33] Once we're done with this call, I'm going to give you a little bit of homework, I want you to take a piece of paper, dumb, horrible, stupid. Write those down on a piece of paper. I am dumb. I am horrible. I want you to throw those in a fireplace or light them on fire, and take a picture of it, and send it to me. Okay. That's going to be your homework for today, because those days are over.

Elizabeth: [00:43:55] I'd feel relieved.

Ramit Sethi: [00:43:58] Yeah. How come?

Elizabeth: [00:43:59] Because I feel like this was a weight that I feel like was on our shoulders together, and I don't want to feel that way.

Ramit Sethi: [00:44:08] In this episode, there were a few points that really stood out to me. First, words have power. When we call ourselves bad with money, that can often

become a self-fulfilling prophecy. We can rewrite that language to say something instead like, I haven't mastered the skill of money yet, but I'm going to put aside time each week, so I can get better at my own finances. Oh, what a beautiful reframe.

Ramit Sethi: [00:44:42] The second point that really stood out to me was that each of us can have very different experiences with money. He was in debt, loved paying it off as aggressively as possible. She also has debt, somewhat of a similar amount, and she approaches it in a totally different way. Doesn't mean one is right or wrong, but we have to be able to hear how the other person thinks about their financial situation before we jump in and tell them to do it our way. And finally, one of the things that really stood out to me today was that you can have fun in these conversations. We can make some jokes about each other, we can laugh, we can create some new rituals.

Ramit Sethi: [00:45:27] If you're having money conversations, you should be laughing at least once a conversation. That's a sign that you're on the right track. So, send me a note from today's episode, you can email me if you're on my email list, you can DM me on Instagram, you can Tweet me, and tell me one thing that stood out to you from today's episode. Remember, I want to hear from you with each of these podcast episodes here at I Will Teach You To Be Rich. Thank you for listening, and I'll see you next week.

Ramit Sethi: [00:46:03] Thanks for listening to I Will Teach You To Be rich. I'm Ramit Sethi. Please follow the show on Apple Podcast, Spotify, or wherever you listen to podcasts. Are you and your partner interested in being on this podcast? Every once in a while, I take applications from couples who need financial help. Sign up to my newsletter at iwt.com to get notified when the application window is open. Here's what you'll find next week on the I Will Teach You To Be Rich podcast.

Mary: [00:46:40] Our seven-year-old, he knows, and he has told me, mommy, don't blow all our money.

Chuck: [00:46:46] I'm frustrated I can't do more for myself. I feel like I'm working hard, and doing a lot to provide to the family, yet I come last in it. I would like to do more for myself.

Mary: [00:46:57] There's only so much that people can put up with.