

Kate: [00:00:05] I don't feel like we are working as a team when it comes to money.

Andy: [00:00:10] There were days that I couldn't afford food, I felt like.

Ramit Sethi: [00:00:12] Wait a second. You could definitely afford food.

Andy: [00:00:16] I mean, I guess I could.

Kate: [00:00:18] I see how much it affects Andy, and I think that he and I miss out on shared experiences because of that. I think, for example, like we've not ever taken any sort of like extravagant vacation together, because the cost associated with that was anxiety-inducing and stressful. I used to use New York's expensive as my excuse to not really deal with money. I don't live there anymore, so joke's on me.

Andy: [00:00:42] I know my father, sometimes, got very upset if he felt I was being wasteful with money. It took me more than four years to finish college. He wasn't super happy about that.

Ramit Sethi: [00:00:51] Have you ever felt good about money?

Andy: [00:00:56] I guess no. I guess I should now, but I don't.

Ramit Sethi: [00:00:59] Yeah. I'm Ramit Sethi, and you're listening to the I will teach You To Be Rich podcast. Today, I'd like you to meet Kate and Andy. Andy feels very anxious around money. In fact, he doesn't feel like he has enough to cover the basics like rent, bills, food, let alone luxuries, so that he can enjoy his life. Oh, and by the way, his household income with Kate is over \$200,000. Let me tell you how that breaks down, because it's important.

Ramit Sethi: [00:01:35] 160,000 of that comes from Kate. Andy makes 45,000 from his job and a further 25,000 from a distribution. Yep, that's right. Andy has a trust fund with roughly \$1.1 million in it. And on top of that, they both inherited his family home, so they now live rent-free. I'm featuring this couple, because I want you to understand that just making more money will not change the way you feel about it. Your feelings are highly uncorrelated with the actual amount of money you have.

Ramit Sethi: [00:02:14] You tell yourself stories about money, stories that may or may not be true. And it's critical that you work on your money psychology, which is a totally separate skill from making money itself. Otherwise, you might end up with lots of money, but you won't actually find any joy in it. You won't even know how to spend it. Andy can't even bring himself to buy new shoes, and instead, he chooses to wear old shoes with holes in them. Let's listen. Andy, you mentioned that when you think of money, one of the words that comes to mind for you is nervous. Why is that?

Andy: [00:02:57] I guess what I was saying was that for me, money is a finite resource. I don't think I have a job that compares to, let's say, my parents who made a lot of money, in my opinion, that kind of matches up to them. And so, I worry about having enough money to have a life that I guess I'm accustomed to or I grew up with. It just makes me scared, I guess, an emergency or just having a normal life that I don't make enough to then have a life that can be happy. It's like it makes me nervous to like think about it and just think that like, hey, I can't contribute enough or I can't pay enough, I guess.

Ramit Sethi: [00:03:29] Okay. And when you say it makes you nervous that you can't afford something, how does that manifest itself? Like if I were in the same room as you right now, give me a situation where you would be getting nervous about not being able to afford something.

Andy: [00:03:43] I don't buy a lot of things for myself. I don't buy a lot of new clothes, like I will hold on to clothes or shoes will have holes in them, and it doesn't really, necessarily bother me, because I'm like, I don't want to be buying shoes every however often. So, like I'll hold on to shoes for a very long time that even have holes in them. Things like that that I guess maybe I'm not outwardly talking about to other people being nervous, but if you're kind of looking at me, you'll be like, oh, why is this guy walking around with holes in his shoes, or I had an iPhone 6 for I don't know how long, I just finally got a 12. I doubled up on my iPhone. That's how long I was holding on to that old phone.

Ramit Sethi: [00:04:15] Do you really have holes in your shoes?

Andy: [00:04:17] Yeah. I have holes in my sneakers that I wear. Yeah.

Ramit Sethi: [00:04:21] Why is that?

Andy: [00:04:23] Yeah, I think it has a little bit to do with how I walk, but I think it's just because, again, it's hard to put into words, but like in my mind, I'm like, oh, well, I've got to go spend \$100 on shoes, and I'm worried that I'm not going to have that \$100 to eat later, which I know sounds silly looking at, again, now, and I know it sounds ridiculous, but I worry about eating, and buying groceries, and being able to go out and spend time with Kate, and have a good time more than I am about how my shoes look.

Ramit Sethi: [00:04:46] I'm less interested in if it sounds ridiculous, I'm more interested in why you feel this way. Did you hear what I just did there? I don't love the labels that we put on ourselves and our money behavior. In a previous episode, you might have heard one of my guests calling herself stupid, disgusting, dumb. She was talking about herself and her debt, and this kind of negative self-talk makes me so sad.

Ramit Sethi: [00:05:15] Growing up, I was a skinny Indian guy. Those were the words I used. I also had hairy arms. Well, I still do, but I did back then, too. It's so easy for people, especially young people, to lapse into using these negative phrases. I even started making it a joke, oh, I'm just a skinny Indian guy, but it became a self-fulfilling prophecy. It actually became part of my identity.

Ramit Sethi: [00:05:44] So, when I hear people making jokes about their identity, like an Indian person who jokes about being cheap, or someone who says, I'm just bad with money, or this probably sounds ridiculous, I try to stop them right there. Your words have power, and the way you talk about yourself is one of the most defining and important things you can do. Andy's self-talk comes all the way back from his childhood, and specifically his parents, who were wealthy. Listen to how this affected him. And as you do, I want you to think about how your wealth might affect your children. How much did they make?

Andy: [00:06:23] I honestly could not tell you. I'm sure my mother, my mother was a very—she was the first female lawyer hired at Merrill Lynch. She worked there for 30 some odd years. My father worked at banks, also including Merrill Lynch. I mean, he

was a Cuban immigrant, so he came here basically with nothing, but then he worked his way up and was able to work up in the financial world. And I just know, again, my mother owned an apartment in Midtown Manhattan on 57th Street. Again, we were never hurting for anything, but we also weren't riding around in Benz's. We had an Oldsmobile minivan.

Andy: [00:06:56] It wasn't like we were extravagant, but they made enough money that I was never hurting for anything. Honestly, if I ever really needed anything, they could always buy it. And usually, they bought things in cash. It wasn't like they were paying off car payments. They would pay the whole car on the spot, things like that. I know my father, sometimes, got very upset if he felt I was being wasteful with money. It took me more than four years to finish college. He wasn't super happy about that. So, I think those types of things, I can never—he's passed away. Both my parents passed away, so I can't necessarily ask them now.

Ramit Sethi: [00:07:28] Yeah. I'm sorry to hear that. It sounds like they certainly set an example for you, and I appreciated hearing the positive and negative sides of it. I have so many questions. What do you think the costs are of living this way?

Andy: [00:07:46] I guess in my mind, the cost is that I'm able to sustain now. Does that mean I'm the happiest? I don't know, but I also don't know what I'm missing out on. I don't know what the flip side is.

Ramit Sethi: [00:07:56] Well, let's talk about that. How often are you anxious about something in your life?

Andy: [00:08:03] Oh, a lot. All the time. I mean, I have anxiety.

Ramit Sethi: [00:08:05] Every week?

Andy: [00:08:06] Oh, yeah.

Ramit Sethi: [00:08:06] Every day?

Andy: [00:08:07] Every day.

Ramit Sethi: [00:08:08] Okay. And how about around money?

Andy: [00:08:11] I would say it's probably gotten better, especially since Kate has been in my life and is able to help me out with some things in my mind, but I would say before her and having a trusting relationship that way, it was every day. I mean, again, there were days that I couldn't afford food, I felt like, I mean, I guess I could. I didn't know I could. In my mind, I was worried about dipping into the money that I had in a certain way, but I was living—I had gift cards that I would get for Christmas that I would then use to buy food, because that's-

Ramit Sethi: [00:08:42] Wait a second. You could definitely afford food. Let's be clear. There's a difference between actual numbers and how you feel about numbers. You said, I couldn't afford to eat, and then you added, at least I felt that way. Those two are completely different. You could afford to eat. In fact, you're doing much better than most Americans. What I want for you is to be able to examine yourself, and be able to accurately ascertain if something is a story about money, what that story is, and whether you believe it, and whether you are going to keep following that story. So, looking back, do you think you had enough money to eat if you ever were desperate?

Andy: [00:09:38] I'm sure I could find a way in terms of, from someone, yes.

Ramit Sethi: [00:09:41] Kate, what do you think about what you just heard?

Kate: [00:09:45] It makes me sad that he felt that way.

Ramit Sethi: [00:09:48] Do you think he had enough that if you were in desperate straits, he would have been able to eat?

Kate: [00:09:53] Yes. I mean, but it's like he didn't open the envelope for Merrill Lynch that said what was in his account until three months ago, maybe. So, it was like he got the letters every month, and just put them away, and never opened them. So, I think he and I spoke about it. And if you had asked him before he ever opened it how much is in there, he would have said about 20% of what was actually in there. And I mean, I think we can agree like 200,000 is very different than a million, right? And so, I think it was a-

Ramit Sethi: [00:10:25] Hold on, is it? Is it?

Kate: [00:10:28] I mean, I think so.

Ramit Sethi: [00:10:29] How so?

Kate: [00:10:32] I mean, I think that, I guess, 200,000 this age feels like okay, can't touch it, need to let it sit there, like trying to be responsible, versus, I don't know, when it's over a million, it feels like, okay, I can have \$10,000, and it's like not a big deal. Now, even saying that, I'm like, well, that seems kind of silly to say, and if I really needed it, it should be fine.

Ramit Sethi: [00:10:57] It's not that you're both sitting here telling me I wanted to take a yacht to Santorini for two weeks and drop 30 grand a day. We're not talking about that. And I understand, Andy, that this was years ago with the food thing, but it's really important, this idea that whether or not it was \$200,000 or a million dollars, that you genuinely believe that you would have struggled to be able to eat. That's a really important story for us to disentangle.

Andy: [00:11:36] I mean, I don't think I was covering my bills in terms of rent, so in my mind, I was a negative every year. I didn't want to see the numbers go down, because then I thought it was going to make my anxiety go up.

Ramit Sethi: [00:11:50] Okay. Have you ever felt good about money?

Andy: [00:11:56] I guess no. I guess I should now, but I don't. I mean, I'm just being honest with you.

Ramit Sethi: [00:12:01] I appreciate the candor. Do you think you ever will feel good about money?

Andy: [00:12:07] I think if I'm equipped with the knowledge that I'm doing, then I'll feel better, but I don't necessarily have a person, I don't have parents, I don't have a lot of family to guide me with this information, and I think that's part of the problem.

Ramit Sethi: [00:12:20] Let's assume that we check all the boxes, and we figure out all the things you should be doing, and we look at your allocations, and all that stuff, and it's good, tell me if I were sitting in the same room with you, how would I would know that you are feeling positive about your money? What I'm doing here is I'm trying to get Andy out of his head. I want to talk about behaviors, not just what he feels.

Ramit Sethi: [00:12:51] Clearly, the way he feels is misleading. He tells himself these stories that are not necessarily true. And so, what I'm pushing him for here is if I were sitting in the room next to you, how would I know that you were positive about your money? How would I know that you were feeling positive about your money? And so, there are some very obvious ways that we know if someone is feeling positive.

Ramit Sethi: [00:13:16] Think about it. What do they do? They smile, they laugh, they're relaxed, they order food, and they tip generously. There are so many things, but they are behaviors. It's very difficult for people who are stuck spinning in their head to step back and even think about behaviors. They're trapped in their own mental quicksand, and that's what I'm trying to get him out of.

Andy: [00:13:39] I mean, well, I buy some shoes, how about that? I guess for me, I don't know if I buy, per se, anything as much as be confident in being able to start a family with Kate or, again, have our wedding, provide for this house that we are living in, like just having that security.

Ramit Sethi: [00:13:54] Would you smile?

Andy: [00:13:56] Sure. I don't know if I've not been smiling now. Sorry.

Ramit Sethi: [00:14:00] Well, this is serious stuff, but I haven't seen you smile about money. What else? When you went to the grocery store, what would you do differently if you felt positively about your money?

Andy: [00:14:14] I don't know, I don't think I would feel super bad about spending money on filets for weekends. I don't feel bad about it now, but I would feel probably

more comfortable with, like I know Kate likes filet, I'll get filet, we get some filets on the weekends and hit that up for dinner on Saturday night.

Ramit Sethi: [00:14:31] Good. I want to point out to you your language here. I asked you, what would you do differently if you felt really good, and you said, I wouldn't feel bad. I think it's going to be very difficult for you to feel good about money when your only lens on money is feeling bad. Everything you've said is in the context of feeling bad, and you can actually move completely beyond feeling bad about money, because you're going to check the box, your finances are going to be in the place they need to go, you're going to have some good guidance, but it's going to take work in order for you to even remember how to feel good about something in and of itself.

Andy: [00:15:17] Yeah. I mean, I don't disagree. I definitely think there's-

Ramit Sethi: [00:15:22] Try that again. I don't disagree. Rephrase that for me.

Andy: [00:15:26] I agree. I agree with you. I think you're right. There we go.

Ramit Sethi: [00:15:29] There you go.

Andy: [00:15:30] Start changing from the negative words.

Ramit Sethi: [00:15:31] Very good. I appreciate that. That's a big step. So, thank you for that. And I believe you, that you do want to feel good about your money. Kate, how would you describe your joint financial situation?

Kate: [00:15:51] Well, right now, there is no joint situation. We don't have anything together. And I would say that is something that bothers me. Andy knows this.

Ramit Sethi: [00:16:02] Why?

Kate: [00:16:02] I don't feel like we are working as a team when it comes to money. We say that a lot to each other, just in the other aspects of our life, when someone's having a rough time at work, or something's going on with family, or whatever it is, it's like,

we're a team, we're in this together, and I think money is the main and only really place that I don't feel like that's true.

Ramit Sethi: [00:16:28] And if you were working together on a team financially, what would that look like specifically?

Kate: [00:16:36] Specifically, I think that would mean that we decided amongst each other how we were going to spend our money. I think I spend my money a certain way and he spends or doesn't spend his money other ways. And so, it would be deciding what we chose or prioritize to spend money on. I think it would look like us collectively saving money for shared things, whether that's updates we want to make to this house, whether that's a vacation that we want to go on, whether that's our wedding, future of children. I think right now, it's sort of like, we'll figure it out very much so, but there's not a lot of planning or sort of like purposeful, meaningful discussion or teamwork happening about it.

Ramit Sethi: [00:17:24] Okay. Got it. So, what's the problem with that? I mean, you guys made it this far, you're about to get married, what's the problem keeping on doing what you're doing?

Andy: [00:17:35] I know it makes Kate feel uncomfortable, and I care about her and love her, and I want to see that I know it matters to her, so something matters to her matters to me. And so, I want to build in the way that she wants to build and be intentional about it.

Kate: [00:17:50] I see how much it affects Andy, and I think that he and I miss out on shared experiences because of that. I think, for example, like we've not ever taken any sort of like extravagant vacation together, because the cost associated with that was anxiety-inducing and stressful or not going super fancy date nights in New York when we lived there, or go out to shows, or sort of do those things that I think we both acknowledge we would enjoy or spend time doing, but we don't, because I know that it's an anxiety-inducing thing.

Kate: [00:18:21] I also think we're in this sort of new place in our life of this house, and planning a wedding, and knowing we want kids. And so, it feels like almost a flip switch,

where it's like, okay, now is this moment where it's time to prioritize this. I used to use New York's expensive as my excuse to not really deal with money, I don't live there anymore, so joke's on me. Like now, I have to kind of figure it out, and I think it's more so like, I have a good job, I have great friends, I love my partner and want to spend my life with him, so like this is sort of the next thing.

Ramit Sethi: [00:18:52] Mm-hmm. I meet a lot of people who have some kind of money problem, and they absolutely love to talk about it. They revel in talking about it. It actually energizes them. But as soon as you ask them what they want to do to fix it, they shut down. These people are what I call problem-aware. They're aware of their problem. In fact, many of them are addicted to talking about their problem. I want to know if Andy thinks this describes him or if he might be solution-aware, people who are looking for an answer, a way to change a solution. Where would you say you fall on that spectrum, Andy?

Andy: [00:19:37] I'd like to say I'm solution-aware, and that's why I'm here with you and being part of this podcast.

Ramit Sethi: [00:19:42] Why don't you just say it then?

Andy: [00:19:44] I'm solution-aware.

Ramit Sethi: [00:19:45] There we go. Okay. Great. You don't need permission for me to tell me who you are. You get to decide who you are. If you're solution-aware, all you need to do is just say, I'm solution-aware. Boom. That's it. I'll take you at your word, I believe you are solution-aware, and that makes my job a lot easier. So, Andy, you feel like you don't contribute, because Kate is here bringing in approximately three times what you're bringing in. And so, so far, the solution that you've taken has been, you just keep your finances separate. Okay. But from what I'm hearing today, Kate, you really feel you want to bring it together. Andy, you're on board, at least conceptually, because you care about Kate, you're considerate about her feelings. Am I reading all that right?

Andy: [00:20:34] Yeah. And I guess the one thing I would just add as a caveat is that I honestly feel like I don't or I wasn't necessarily contributing, I feel like in her idea of

moving forward of like having a joint bank account, I was going to be afraid that I wasn't going to be contributing enough.

Ramit Sethi: [00:20:47] Why don't you just ask Kate how much would be enough? She's right here.

Andy: [00:20:52] I think she'd be too kind to like say what she really feels.

Ramit Sethi: [00:20:56] Well, that's why we're here. We're here to tell the truth. Ask the question.

Andy: [00:21:00] What would be contributing enough, Kate?

Ramit Sethi: [00:21:03] I would say, now, for me, I think one of the things that I've told him a couple of times is this house is his family's house, so that's a pretty sizable contribution to make to this family that maybe is not a dollar amount in a bank account, but has a lot of contribution to our life, to me, is a major contribution. And then, I think beyond that, the day-to-day, I mean, again, I just want to feel like we're sort of contributing together. If I'm contributing 90% to whatever total we decide and he's contributing 10, I'm cool with that. If we decide it's 50-50, I'm also cool with that. I just want to decide together and both be comfortable with it.

Ramit Sethi: [00:21:46] Okay. You two seem to dance around each other a lot. What I was looking for in that last answer, Kate, was something specific. And I don't really care what the number is. It's really for you two to decide. But you talked a lot and I didn't hear anything. If anything, you distracted me. You said, it could be 90-10, it could be 50-50, whatever he's comfortable with, but Andy's not comfortable with anything. Andy's asking you, he explicitly asked you, what does contribution look like? So, what I would like for you two to do is to dance a little closer. I'd like for one of you to take a risk, and you could do it something like this, you could say, you know what,

Ramit Sethi: [00:22:29] Andy, I don't think we've ever talked about money in this specific of a way, so I'm going to throw out a number that, for me, feels good, but before I throw that number, I want to say that I care about you, and this is just my first number that comes to mind and I'm totally willing to dance. I'm willing to work with you on this

number so that we both end up feeling good. Are you okay with that, Andy? Andy says, of course, I love you, and then you give a number and your reasoning. We need somebody to take the lead in this. Otherwise, you too are going to dance around this for the rest of your life. Kate, you're nodding your head, why?

Kate: [00:23:13] Because I think I've always known that he felt uncomfortable about money, so I never took that leap. Your script is perfect, I should have said all of those things, but it just, I went to, okay, I'm just not even going to approach it, because I know that it's going to be uncomfortable.

Ramit Sethi: [00:23:33] Yeah. The two of you are like magnets that are repelling each other. Neither of you wants to get closer on this, but deep inside, both of you do have a yearning to connect on money. So, Kate, take the lead on this.

Kate: [00:23:48] Alright. Andy, I love you. And I want to talk about this specifically, and I'm going to throw something out, and it's just the first number, so we can discuss it. I think my initial thought would be 75, I'll contribute, 25, you can contribute, and that is purely just based off of salary numbers, and I would hope or want it to perhaps evolve as we sort of establish a little bit more what housing expenses look like or goals that we have for the future if we want to change that, but that's my initial thought.

Andy: [00:24:30] Sure. I mean, I'd be very open and happy to do that. I think I have no problem with that as long as you feel comfortable with that. Again, I said before that I don't want any resentment to build up, and I don't think you will, because you're the one that's creating these terms, which I hope you're comfortable with them, and I'm happy to do that.

Ramit Sethi: [00:24:49] Pause right there. You're both doing great. Kate, did you notice what Andy just said? That last two sentences that he said, oh, both of you know, okay, go ahead, Kate. Pick up on that.

Kate: [00:25:02] Oh, I mean, it was well, if you've suggested this, then we'll just do it. There was no counter, no other recommendation or reason.

Ramit Sethi: [00:25:12] So, tell him what you want. Yes, you correctly identified it. Now, tell him what you want in a dance partner. Do you always want to be the leader?

Kate: [00:25:23] No.

Ramit Sethi: [00:25:23] Tell him what you want.

Andy: [00:25:25] 5%.

Kate: [00:25:26] I just want you to also think about it, and think about what you would feel comfortable with, and knowing that it's on the table to discuss any time we want.

Andy: [00:25:40] Yeah. No, I feel completely comfortable with that. I think you're being very fair and reasonable. I wouldn't want you to have to necessarily pay more. It's a lot of your paycheck go into that, that would I be able to step up and contribute more if I needed to. I think you're a better planner than I am in general, so if this is the plan you're going with, I'm down with it.

Ramit Sethi: [00:25:56] Okay. There's something really interesting happening here. Things seem to be going well, a little too well. And I want to share an example, so you know what I mean. Have you ever planned a trip for a group of friends, and you ask people, you send out a little email, you go, hey, guys, I'm thinking of this trip, what would you guys want to do? And everybody writes back, OMG, that sounds so awesome, hey, listen, whatever you think is good with me, I'm easy. I'm easy. I fucking hate that phrase. I'm easy. Okay. Cool.

Ramit Sethi: [00:26:29] Then, I'll plan it. So then, you take these four, six, eight people on a trip, and they get there, and the first thing they do is they sit down at the breakfast, I don't like Kiwi, and then the next person goes, oh, my God, we have to go to a museum today, I don't like museums, then the other person says, oh, I don't want to go to a club tonight, oh, and you're sitting there, your knuckles are clenched. You're about to choke yourself out. You go, I thought you said you're easy. The problem here is that they didn't put any skin in the game, and if it seems like I speak from personal experience, that is 100% correct.

Ramit Sethi: [00:27:11] I have learned that when you plan a trip for people, everybody's got to have some skin in the game and the skin in the game could be money, but it also should be something like you're responsible for breakfast, or you're responsible for planning what we do on Tuesday between 2:00 to 4:00 PM, anything. Because if you don't, it's human nature that they're going to sit back, and cross their arms, and complain. By contrast, if they had any part of planning, if they had some skin in the game, they're going to appreciate all of the details.

Ramit Sethi: [00:27:48] Okay. It doesn't mean everything's going to be like heaven, but they're going to know how much work went into the entire trip. This story is not simply about planning a trip for your friends, it's about life. The people around you, if you want to do something together, everybody needs to have some skin in the game. It could be for parents. If you're deciding on where to go on vacation or where to go for dinner, you may want to involve children if you expect them to behave. It could be the same at work.

Ramit Sethi: [00:28:18] Listen, I'm CEO of my own business. I have to get buy-in from everybody. It's important if I want the entire business to get behind it. So, these are examples where skin in the game matters. You're not seeing skin in the game as Andy and Kate are talking to each other. Andy may agree with everything Kate suggesting here, but I need him to put some skin in the game. I need him to create at least one rule himself. That way, he's not just doing what Kate said. That will be a recipe for resentment.

Ramit Sethi: [00:28:55] So, I want him to take charge of at least part of this agreement so that it's what he and Kate have agreed to, not just what Kate came up with, and he said okay. I want you to change at least one thing Kate said. I don't care if you fiddle with a number, a percentage, or you have some term, or you tell her, I insist that I get new shoes or I go to an Italian restaurant, I don't care. What I want is for you to speak up and tell Kate what you need in this relationship financially. Say it explicitly in one sentence, because Kate needs to hear it.

Andy: [00:29:39] Whatever money that we do save together in that setup that you were talking about before, I think whatever's yearly 10% of that should go to some sort of trip or fun activity for us, and we should be mindful of using that money towards that, and not just things that are expense-related.

Ramit Sethi: [00:29:58] Kate, how are you feeling about this so far?

Kate: [00:30:01] I feel good.

Andy: [00:30:02] Okay. You could counter with 20.

Ramit Sethi: [00:30:05] No. I like where you're going, Andy. I'm going to push you a little further. 10%, I like it. It's aggressive number, but okay. I like it. What I want to know is where do you want to go your first year? You have to pick the place. Pick it right now.

Andy: [00:30:24] We're going to Argentina. Let's do it.

Ramit Sethi: [00:30:27] I love it. Where'd that come from?

Andy: [00:30:30] I've always kind of wanted to go. I know her stepdad is actually from there. I've always kind of wanted to go.

Ramit Sethi: [00:30:35] Kate, what do you think about this?

Kate: [00:30:37] I'm down. I would love to go to Argentina, and I also just want us, I'm excited about the prospect of us planning a trip together and not being stressed about how we're going to pay for it.

Andy: [00:30:51] Yeah.

Ramit Sethi: [00:30:51] Exactly. You're not going to be stressed. You already pick the numbers, so you already know your budget. And by the way, you two were very, very smart. You picked your numbers based on your salary, not on distributions and bonuses, which may or may not happen. You picked it on straight salary, so you can actually mathematically calculate right now exactly how much that's going to be. And you know, oh, my gosh, we have 3,500 bucks or 6,000 bucks, whatever the number is, for this trip.

Ramit Sethi: [00:31:24] No need to worry, we know exactly how much we've got and we've got more than enough. What I just heard was you two actually getting much closer, a bit of a negotiation. I really love that, both of you, feet in, totally engaged. Well, I hear you on that, but I also think we should think about this, that's a financial discussion. That's a really rich discussion. Okay. Normally, I'd be starting to wrap things up, and I'd be telling you, you should visit the best website in the world, iwt.com, maybe you should check me out on Instagram @Ramit.

Ramit Sethi: [00:32:02] But there's still something we have not covered yet, and that is, Andy has a \$1.1 million trust fund, and that adds a beautiful layer of complexity to his financial situation with Kate. And I want them to address it now, because once Andy gains full control of his trust, which happens in a couple of years, their financial situation is going to be completely different. I assume when you get that money, you don't know what to do with it. Is that accurate?

Andy: [00:32:30] I mean, again, it's basically all in mutual funds right now, but I wouldn't know what to do with it beyond it just sitting in those mutual funds, per se.

Ramit Sethi: [00:32:39] Yeah. Okay.

Andy: [00:32:40] There's a financial adviser that kind of controls all those things, let's put it that way.

Ramit Sethi: [00:32:43] I bet there is. Okay. So, I bet that financial adviser is being paid very fat 1.25% fee.

Andy: [00:32:50] Yeah, he takes nice amount of money. Yeah.

Ramit Sethi: [00:32:52] That's going to change. I'll tell you that right now.

Andy: [00:32:56] Okay.

Ramit Sethi: [00:32:57] Okay. Quick sidebar, because I need to explain this comment that I just glazed over. A lot of people think that a 1% fee that they're paying their financial advisor is not that much. Let me explain some surprising things that I almost

certainly guarantee you do not know. So, some people use financial advisers, and many of those advisors charge a percentage-based fee. It's often 1%. It used to be 2%.

Ramit Sethi: [00:33:22] And you say to yourself, 1%, that's not that much. Maybe I have 50k or let's just 100K for easy math. Well, they're only taking a thousand bucks a year. No big deal. If you do the math throughout the course of your lifetime, a 1% fee means that you will pay approximately 28% of your returns to your advisor. If you're paying two percent in fees, you will pay over 50% of your returns to advisers.

Ramit Sethi: [00:33:53] I know. The math is not intuitive. I cover it in my book, *I Will Teach You To Be Rich*. So, you have a lot of options. First off, you can get my book, learn how to do this yourself, it's not that hard, or if you really want the help of an advisor, that's fine, I'm not categorically against him. I am against paying AUM or percentage-based fees. You want to pay 500 bucks an hour, great. You'd be way better off paying \$500 an hour instead of a 1% AUM fee.

Ramit Sethi: [00:34:23] Now, I'm going to suggest something. It's a little dark and vindictive, but you're listening to me, so I'm just going to tell you. Call up your parents, and say, mom, dad, I know you work with this adviser, any idea how much you're paying in fees? Now, they're going to get very uncomfortable, because deep down, they know that they're overpaying, but they really like this guy, because it's their uncle's friend, he's got a nice mustache, and he sends them a card on Christmas, well, I don't know, but he's so nice and his kids are so nice.

Ramit Sethi: [00:34:56] Ah, you go, mom, just find out how much you're paying in fees. Now, when you find out, be careful. The point of this story is not to psychologically destroy and eviscerate your parents, it's simply so that you know how much they've paid over the course of their lifetime, probably because they were trying to do their best, and that's what they knew at the time.

Ramit Sethi: [00:35:16] And more importantly, so that you can make the decision not to pay the same type of fees that they have. 1% fees, in my opinion, are unconscionable, you should not be paying them. On top of that, these advisors who charge 1% fees are typically selling you bullshit investments like whole life insurance, and they are making

money from offering you substandard services. I don't want that for you. I cover more in my book. Take control of your money.

Ramit Sethi: [00:35:47] So, Andy, you can go the rest of your life worrying about if you're going to have enough to eat, and get your shoes, and all that stuff, but I ran a quick calculation myself. How much do you think you're going to have by the time you turn 65 if you just do nothing? You don't even save—well, the two of you together, you save like 10 grand a year, which, by the way, you can easily do on a \$200,000 salary. How much you think you'll have?

Andy: [00:36:12] Oh, you're talking to the guy who's clearly bad with money. I don't know. 500,000. I don't know. That's the number I'm throwing out there.

Ramit Sethi: [00:36:21] Okay. Thank you. Don't worry. I'm not going to judge you for your math skills.

Andy: [00:36:25] Okay. Well, I meant like, are we talking about like with the money I already have now? Like when you're talking about like how much money we have, are you talking about just between the money that we're saving over those years?

Ramit Sethi: [00:36:32] No, I'm talking about everything, the trust.

Andy: [00:36:34] Well, no, I don't know, at that point, we'll just go two million, we'll double it, why not? Twice as old as I am right now, let's double it.

Ramit Sethi: [00:36:45] Okay. So, the answer is actually over \$8.5 million. I'm calculating you taking \$1 million and investing it for 30 years at a very simple 7% return rate and adding \$10,000 a year, which is extremely conservative for the two of you, you could probably triple that, and you'll have \$8.6 million.

Andy: [00:37:15] I think it sounds great, I think I have no idea how to do that. You're like, a very simple 7%, and I was like, really, 7% simple? I had no idea.

Ramit Sethi: [00:37:21] Well, that part is easy. Listen, you know what's hard about this discussion? The easy part is 7%. You can find that in chapter seven of my book, it will

take you five seconds to find it. The book is at the library. I know Kate's read it, but Andy, this is your involvement in the dance as well.

Andy: [00:37:39] Yeah, solution-oriented.

Ramit Sethi: [00:37:40] That's exactly right. The hard part of this is you changing your psychology to recognize that you're going to have over \$8.5 million. And if the two of you contribute 30K a year instead of 10K, which is easy, because your incomes are going up, you're both very young, you'll have over \$10.5 million. What do you want to do? Do you want to turn 65, have \$10 fucking million, and still be worrying about eating dessert?

Andy: [00:38:12] No, we're good with that.

Ramit Sethi: [00:38:14] When do you get to stop worrying, Andy?

Andy: [00:38:16] I have no idea. I mean, I'm not saying there's a number.

Ramit Sethi: [00:38:21] Nobody can tell me, except you. You're the only person who knows the answer.

Andy: [00:38:24] I mean, again, I think this is the first step for that happening with me not worrying, is, again, going toward solutions.

Ramit Sethi: [00:38:31] Yes, love that answer. So, it's not a number, is that what you're telling me?

Andy: [00:38:35] Yeah, I don't think it's the number, per se.

Ramit Sethi: [00:38:38] Great answer. It's not a number, because you already have a ton of money. You're fucking rich.

Andy: [00:38:46] Yeah.

Ramit Sethi: [00:38:47] You have a ton of money. You have a free house.

Andy: [00:38:51] Yeah.

Ramit Sethi: [00:38:52] It's not a number. That is very insightful. I think you're totally right. You know what the missing piece for both of you is?

Andy: [00:39:02] Going after what we love, I don't know.

Ramit Sethi: [00:39:03] Yeah.

Kate: [00:39:04] I love to spend money on a great meal out, get cocktails, get dessert, get whatever entree I want, and have it be like an experience of an evening. Okay. This is why I want to go back to Four Charles in West Village, and I had an amazing meal there for a birthday a few years ago, and I would like to recreate that, and get an old-fashioned, and the filet mignon on the bone, and all the sides, and the chocolate crumb cake thing that we had for dessert. And there's like only eight tables there. It's like very atmospheric. The service was incredible. And that was actually a meal that I wanted to try to have before I left New York, and it didn't happen, but I still think about it.

Ramit Sethi: [00:39:58] So, there's meaning to it.

Kate: [00:39:58] Yeah.

Ramit Sethi: [00:39:59] Okay. Who's going with you on this meal?

Kate: [00:40:02] I want Andy to come. He loves steak just as much as I do.

Ramit Sethi: [00:40:05] Fantastic.

Kate: [00:40:06] For me, it's going in and out. Did she say me? Yes, please.

Ramit Sethi: [00:40:12] Of course, she said you, Andy. You're number one.

Andy: [00:40:13] There we go.

Kate: [00:40:14] I said you.

Ramit Sethi: [00:40:16] So, that sounds like a really visceral, beautiful vision you have, and my favorite part is that it has a real meaning to you. It was the place you were going to go before you left New York, but you weren't able to do it. So, I really, really love that. Do you see the difference between this whole hypothetical, theoretical thing you started off? I like this, and I would kind of like this reservation app, it's all words, but then Four Charles and getting the filet mignon, that is something we can both smell right now. You see the difference?

Kate: [00:40:16] Yeah.

Ramit Sethi: [00:40:53] Your rich life is rich because of the details within it. That is why I push you both for the details. Nobody cares about theory. You don't even care about theory. You care about going back to that restaurant. And when you walk in, you have your reservation and you've already planned. You have more than enough money to cover the two of you and you leave a fat tip. How are you going to feel walking out of that meal in the West Village?

Kate: [00:41:24] It's going to feel great.

Ramit Sethi: [00:41:26] It's going to feel amazing. You two earned it. Fantastic.

Andy: [00:41:30] I love to build things. Right now, we have this house. We've got a back room. I'd love to change it into a workout room. I know Kate's there on board. I see mirrors, I see a bench, I see a treadmill, possibly a TV also up there. I know maybe she wants a Peloton. We'll see. Maybe some mats on the floors. On the side, we've got some cubbies that's like a dirt, like a mud room. Let's do it. Like I want to do that.

Ramit Sethi: [00:41:52] This is fucking sweet.

Andy: [00:41:54] This is what I want to do.

Ramit Sethi: [00:41:54] Where did this come from? This is crazy.

Andy: [00:41:56] We've discussed it a little bit, but like I have a vision in my mind, I don't know if it's okay, I know Kate probably does inside vision, but like I want to make that happen. And I want to be part of it, I don't want to just pay somebody, I want to build part of it at least.

Ramit Sethi: [00:42:09] Oh, wow. You want to actually do some of this stuff?

Andy: [00:42:11] Yeah, man.

Ramit Sethi: [00:42:12] Okay. So, where did—hold on. This is like unbelievable to me. It sounds like you just came alive. Everything you did had an intention behind it, you did not equivocate even once, you have a vision in your mind, I can almost see it. Where did this come from?

Andy: [00:42:27] I enjoy doing home improvement stuff. I don't necessarily worry about or building, whatever. I have like an art project going on. I don't really mind the costs associated with that. So, that's why, in my mind, I was like, okay, if I'm building toward something, if I'm creating something, that is something I like spending money on. So then, in my mind, I was like, even for creating a room. I know I can't build the whole thing, but putting money towards that, it feels like I'm creating the space, in which case, I would feel good about doing that, creating that space. And so, when you were talking about specifics, I was like, alright, well, let's set the room and be intentional about that one space.

Ramit Sethi: [00:42:59] What a difference. This shows you that deep down, every one of us has something that we truly love, I call them money dials, but we all have something that we love doing. And it could be as extravagant as traveling around the world. It could be as simple as, I want to have a room where I can build things. That's it. I am constantly searching for what people's money dial is. Deep down, we intuitively know it, but we cover it up with all of these hypothetical academic words that we're supposed to use.

Ramit Sethi: [00:43:44] You could hear it in Andy's voice. He came alive. His speech pattern even changed. Did you notice that? No doubt. He had no doubts in his voice. He went straight for it. He was intentional. He was assertive. I absolutely loved it. Kate and

Andy have gone on quite a journey today, and my favorite part was watching them learn how to dance. Alright. They've been doing a dance for so long, dancing around each other, but being able to give them just a little nudge to move towards each other, for one person to take the lead, and then to be able to hand it off to the other person to be a leader.

Ramit Sethi: [00:44:27] That's a true partnership. That's a joy to watch. So, today, I want to thank you for listening, and I want to thank Kate and Andy for being so candid about their rich life. Thanks for listening to I Will Teach You To Be Rich. I'm Ramit Sethi. Please follow the show on Apple Podcasts, Spotify, or wherever you listen to podcasts. I'm giving away a signed copy of my book, send me a screenshot. Show me that you're following my podcast on Apple or Spotify, and I'll pick one listener to send a free signed copy of my book right out to you. Here's what you'll find next week on the I Will Teach You To Be Rich podcast.

Chris: [00:45:15] I was getting some frozen organic strawberries that I remembered from Whole Foods are like 7.99, and they're like \$15, and I was just like, I can't do it. I cannot.

Ramit Sethi: [00:45:28] Because what?

Chris: [00:45:30] It's crazy, like that is \$7. I can't bring myself to pay two times the price for the exact same thing.

Ramit Sethi: [00:45:40] What is your net worth?

Chris: [00:45:43] About \$8 million.