

Charles: [00:00:05] She would love if I said, honey, you have a blank checkbook, do what you want.

Ramit Sethi: [00:00:10] Is that true, Michelle?

Michelle: [00:00:11] I would love him to take enough money that he needs. He said he needs 150,000, take it. Give me the rest. I mean, literally. Like you only need 150, you're netting 80,000 a month and you're questioning my Audible 12-dollar subscription every day? There's a problem here. We file our taxes jointly, and I had to sign for taxes recently, couldn't believe my eyes. I didn't even know how much we made.

Michelle: [00:00:40] I had to sign \$175,000 per month. My yard is in shambles. There's no reason for this. When we fly, we fly as basic economy as we can. When we stay in hotels, like he said, it's the cheapest. Now, we're not in Motel 6 and we're not in dire straits, but it's probably the quality if we made \$100,000 a year. And there's nothing wrong with that. The problem is we make more. The reason why I'm not giving a list is because it comes down to the words that he said before, convincing, being thoughtful, being planful. I'm all those things. I'm analytical as well.

Michelle: [00:01:18] I plan, I research, I weigh and measure. I don't just willy-nilly just say, hey, I want to buy a couch today. I'm doing research, et cetera. But those words are unacceptable and they shut me down. And when I hear those, I'm like, I'm not giving you a list, because the minute I say, let's do this, that's not being thoughtful, that's not being planful, well, I'm just saying it, give me a chance to think it out. So, these are issues that everything that he's saying is fantastic, they make sense, they're logical, but in reality, it doesn't play out like that.

Ramit Sethi: [00:01:56] Do you think that it's going to happen?

Michelle: [00:01:58] I don't know, because I do believe that he wants to change, I do believe that he realizes the damage that has been done, I'm not optimistic that he can actually do it. I haven't seen change in this area of money my entire-

Ramit Sethi: [00:02:17] I get it. You're cautious about hope. Welcome to I Will Teach You To Be Rich. I'm Ramit Sethi, your host. And this is part two of my conversation with

Charles and Michelle. Last week, we started talking about what was going on between the two of them. Charles is a self-professed cheapskate, and he reached out to me with a message that said, we have a 10 million-dollar net worth, a 2.5 million-dollar income, and we still share a Netflix password. Please help, my wife of 21 years is threatening divorce.

Ramit Sethi: [00:02:57] Last week was fascinating, as we started to dive into what's happening between Charles and Michelle. How do they treat their money? What have they not been able to do? Now, the good news is that Charles and Michelle came to me with an open mind. And Charles admits, he wants to change. He knows that it's costing him a lot to hold the beliefs that he has in money, but old habits die hard. He is really struggling to come around on the idea of spending money. Okay. He has certain beliefs. They're very rational and analytical, and they are causing him to look at money through only one lens.

Ramit Sethi: [00:03:41] Now, last week, we made some pretty good progress, but after 21 years of these types of conversations, Michelle does not believe that Charles is actually going to change. And every time we get close to him saying he's going to change, she doesn't believe it. We have a lot of scar tissue here, and this is not going to be easy. Please listen to part two of this conversation with Charles and Michelle.

Ramit Sethi: [00:04:07] What I hear beneath the surface is this fear that if you take Michelle's approach, which you've described as being more intuitive, more spontaneous, that somehow, you will lose the core of what made you successful, and that suddenly, you're going to just lose it all, and, oh, my god, I dropped \$75,000 on dinner tonight. Can you see a reality where you ever spend \$75,000 on one dinner, Charles?

Charles: [00:04:36] No.

Ramit Sethi: [00:04:36] No, I don't think so. It would be very hard to do that. Can you ever see a reality where Michelle spends that much on a single dinner?

Charles: [00:04:45] For the two of us, no.

Ramit Sethi: [00:04:47] Okay. So, knowing that you have so solidly anchored your analytical self in, what I would say is this fear of if I let go just a little bit, I'm going to turn into a pile of mush that just spends money everywhere. It's never going to happen. Never. In fact, I could work with you every single day for the next 20 years, it would still be very challenging for you to just go out there and conceive of money the same way Michelle does.

Ramit Sethi: [00:05:20] I'm going to do a little guided conversation here. I can tell that if I let these two just talk to each other, it's going to quickly devolve into, you didn't let me do that, and well, I think this. There's so much resentment built up here that I'm going to have to micromanage this conversation a little, maybe offer a little bit of training. Watch what I do. I'm going to ask a few questions. Listen to the questions and listen to her answers.

Charles: [00:05:47] Okay.

Ramit Sethi: [00:05:48] Michelle, what is your absolute dream destination? Budget is irrelevant.

Michelle: [00:05:56] Probably Italy.

Ramit Sethi: [00:05:57] Why Italy? What would you do there?

Michelle: [00:05:59] I just think it seems like an exotic, beautiful country. I would enjoy the food, and the scenery, and the people.

Ramit Sethi: [00:06:09] Fantastic. And what kind of foods are you thinking about having when you go there?

Michelle: [00:06:13] Yummy pasta.

Ramit Sethi: [00:06:15] Uh-huh. What kind?

Michelle: [00:06:16] Well, if I'm not on my diet, fettuccine, and penny, and pizza.

Ramit Sethi: [00:06:22] Love it. What kind of weather are you imagining? Is it summertime? Are you wearing a long coat? What are you thinking?

Michelle: [00:06:27] It's more summery and more sun's out.

Ramit Sethi: [00:06:32] Beautiful. Okay. Great. Where are you staying when you're in Italy?

Michelle: [00:06:37] A beautiful home, a beautiful resort-type field.

Ramit Sethi: [00:06:41] Very nice. And who do you have with you on this trip?

Michelle: [00:06:45] Ideally, my husband, but if the price of that is him belittling me for even wanting what I just described, then a girlfriend or solo.

Ramit Sethi: [00:06:59] No, no, no, no, no. This is Charles who's fully bought in. Fully. He's actually saying to you, babe, I made a special reservation tonight, don't worry, put on something nice, and let's go out to this place. How would that feel?

Michelle: [00:07:15] It would feel great, but 21 years of not having that is tough to get over.

Ramit Sethi: [00:07:23] Yeah. I love it. And final question for you, when you get to the Italian airport and you get on your plane, which seat are you sitting in?

Michelle: [00:07:31] I'm definitely in first class. My vacation starts the minute I leave my door.

Ramit Sethi: [00:07:37] Ah, very good. Okay. Charles, what did you hear in my questions?

Charles: [00:07:44] Your questions were geared around how this would make her feel and her experiences, and it really put her in the driver's seat, put her in complete control of planning and experiencing this vacation.

Ramit Sethi: [00:07:57] Very nice. Wow. Very good pickups on all those things. Now, did you notice, at one point, she kind of went a little negative and did you notice what I did there?

Charles: [00:08:07] Yeah. You tried to steer away from that, tried to set that aside for now. I think that's the scar tissue coming back, and she can't imagine me doing that after 21 years. And so, that's what we need to overcome.

Ramit Sethi: [00:08:19] I agree. Do you think you could possibly do that after 21 years?

Charles: [00:08:23] Sure.

Ramit Sethi: [00:08:25] Okay. I don't know if that's true. I hope it is. That will be for the two of you to decide, right? We have one conversation together, the two of you have a lifelong relationship. And I want to totally acknowledge, that is a lot of scar tissue, 21 years. But I do think it's possible to change. I've seen it. It starts with little steps. It starts with just a series of questions like this. What did you not hear in our conversation?

Charles: [00:08:50] I was waiting for you to ask the money question.

Ramit Sethi: [00:08:53] There is no money question. Guess what, you won. You could do that entire trip. Guess how long it would take you to earn enough to pay for that entire trip?

Charles: [00:09:03] I don't know. How long?

Ramit Sethi: [00:09:05] You tell me. Guess. I mean, you're an investor, give me a ballpark here.

Charles: [00:09:08] So, maybe that trip was going to cost maybe 20 grand.

Ramit Sethi: [00:09:13] Okay.

Charles: [00:09:14] I think about a month.

Michelle: [00:09:16] One day.

Charles: [00:09:19] Not really, but about a month.

Michelle: [00:09:20] One day, one month.

Ramit Sethi: [00:09:21] One day, maybe two.

Michelle: [00:09:24] Maybe two.

Ramit Sethi: [00:09:25] You have approximately \$11 million. Interest is earning. You make a considerable income. One day, two days, hey, let's even be conservative, five days. Five days. Five days. And what happens if you were to spend that money?

Charles: [00:09:45] I think Michelle will be really, really happy.

Ramit Sethi: [00:09:50] Yeah. Is it about the money?

Charles: [00:09:55] No, it's not about the money.

Ramit Sethi: [00:09:58] What's it about?

Charles: [00:10:00] I think it's the fear of doing that vacation like three or four times a year.

Ramit Sethi: [00:10:08] Yeah.

Charles: [00:10:09] That's the fear.

Ramit Sethi: [00:10:10] Play that out for me. 20K times how many times a year?

Charles: [00:10:14] Let's say five times a year, 100K.

Ramit Sethi: [00:10:17] Okay. 100K a year in vacations. What happens to you?

Charles: [00:10:23] I go back to the whole value compass, where like, ah, could that money be used elsewhere?

Ramit Sethi: [00:10:30] Yeah, it could. It could. It could be invested. It could be put into a business. It could be spent somewhere else.

Charles: [00:10:39] Could be given to a charity.

Ramit Sethi: [00:10:40] Could be given to a charity, but you can also do those things, too. You have enough. So, again, five vacations like that a year, 100K a year on vacations. What would happen? What's the worst that could happen?

Charles: [00:11:01] The worst that could happen is I could be a complete A-hole on the vacation and ruin it for Michelle.

Ramit Sethi: [00:11:10] Wow. Okay. That was very perceptive. And what's the best that could happen?

Charles: [00:11:17] I have a big, fat smile on my wife's face and we could become closer in our relationship.

Ramit Sethi: [00:11:25] Alright. So, I want you to take the same approach I took, tried, it's going to be uncomfortable, but I'm here with you. Take it with your living room furniture.

Michelle: [00:11:37] Can you do it with the landscaping since we already-

Charles: [00:11:40] Okay. Yeah. Okay. Landscaping. So, Michelle, landscaping, what's your vision for our front yard and our backyard? Like what do you see is the complete vision? What would make you absolutely happy with if we got the front yard and backyard landscaped?

Michelle: [00:12:00] Well, if Ramit asks that same question, then I can answer it, because coming from you, I'm like, ah.

Ramit Sethi: [00:12:07] Michelle, I know you're tense, I get it, and I know that there's a lifetime of beliefs right now that are just right at your throat and they're bubbling up. I totally get that. Charles is playing ball here, and he's doing some uncomfortable stuff. And so, what I want to ask from you is that you play ball as well. And if it means really trying to acknowledge those feelings inside, but set them aside for just three minutes, that's what I would ask. I understand it's a bit contrived. I understand that me asking you to do this does not remove those feelings. They are there. They are real. But in order for us to move forward together, sometimes, the best way to do it is to act as if. So, let's start with the behavior, and let's see if, often, our feelings can follow.

Michelle: [00:12:57] So, my vision is just when you walk up the steps toward our home, you just want to be home. It's inviting, it's plush, it's modern, it's well-cared for, maintained. It just would make me feel so good if I just drive home and walk up to a home I want to walk into. The backyard, same thing. I just want to be able to walk outside of my house, feel really good about being outside. I would love to eat dinner outside, sit outside, just go outside to just think and I just want to see something pleasing. All I could see is just a new deck, and comfortable chairs, and greenery. Those are the things that I love to look at.

Charles: [00:13:42] What are some things you'd love to do out there once we get it all fixed up?

Charles: [00:13:45] I just want to spend time out there. I just want to sit down on a chair, and look out to the yard, look at the lemon tree, look at the apricot tree, look at plush grass. I just want a feeling of calmness. I don't need a party or anything. I just want it for our family for now, just a place where I can go and retreat.

Charles: [00:14:04] And then, when you think about the front yard, what are the things that you think will really kind of make the front yard pop?

Michelle: [00:14:12] I just want it well-maintained. It hurts to see everyone around me changing their landscape, fixing up their yard, replanting if the plants have died, rearranging things. I just feel after 11 years and nothing has been done, the rocks have slid and down the slope, I just want those things filled in, because the way it looks now, I don't want that to be a reflection of who I am today.

Charles: [00:14:35] Do you want this to happen right now? Do you want this to happen later on? Like when do you want to make this happen?

Michelle: [00:14:42] Well, I think it's long overdue, so the when would be right now.

Charles: [00:14:46] And what can I do to help you make this become a reality?

Michelle: [00:14:50] Loosen up the money, not control it in the sense that you decide how much is enough and just trust me that I'm not here to spend multi-thousand dollars on the project, I'm just here to get a nice update to the property.

Charles: [00:15:07] Would it be okay if I provided just a teensy-weensy bit of feedback or input into the landscaping? This would be an overall vision, but I'd like to have the opportunity to have a little bit of input on the landscape. Would that be okay with you? On your terms, of course.

Michelle: [00:15:27] Anything other than money and how much something cost.

Charles: [00:15:31] Okay.

Michelle: [00:15:31] If you want to suggest bushes or tree arrangements, great, but nothing about how much, nothing around money.

Charles: [00:15:39] Okay. So, I am committed to being a partner in this and not talking about money, not talk about how much, and I'll be committed to giving you whatever vision you want for the front yard, and back your landscaping, and to make it become a reality.

Michelle: [00:15:56] I'm like grinning from ear to ear, because I'm like, could this be real? Like can we call you back if that doesn't work? Can we get this in writing?

Ramit Sethi: [00:16:07] Michelle, you're almost in disbelief over here.

Michelle: [00:16:09] Yeah. Yeah.

Ramit Sethi: [00:16:11] Do you think that it's going to happen?

Michelle: [00:16:13] I don't know, because I do believe that he wants to change, I do believe that he realizes the damage that has been done, I'm not optimistic that he can actually do it. I haven't seen change in this area of money my entire-

Ramit Sethi: [00:16:31] I get it. You're cautious about hope. I get that.

Michelle: [00:16:36] Yeah, exactly.

Ramit Sethi: [00:16:37] I like a little technique I call failure expectation. Let's plan for failure. Where is it going to go off the rails, and let's just deal with it right now.

Charles: [00:16:46] I think for me is I'm trying to do away with my internal money compass for what I think of backyard landscaping should cost, but that's what could go wrong, where my internal compass comes to the surface and that doesn't kind of align with what the actual cost is, and I break my promise, and say, oh, that's kind of expensive.

Ramit Sethi: [00:17:06] Michelle.

Michelle: [00:17:06] Yeah. The failure expectation are the words, how much? How much does this cost? That, I don't agree.

Ramit Sethi: [00:17:15] Some things in life are worth every penny. Charles, I think it would be a tragedy to live a smaller life than you have to. I really do. And I think you are. I think that you, and by bringing your wife along on flying economy, that's okay, there's nothing wrong with the economy, but at a certain point, you earned the right to turn the page on your life. There's actually no virtue in living a smaller life than you have to.

Ramit Sethi: [00:17:54] And that is very counter to our society. Our culture tells us, stay humble, don't get too big for your own britches, and on, and on, and on. But at a certain point, there's a cost to it. In fact, it just becomes ridiculous, to be flying economy when you could buy every seat on that plane for the interest that you made that day alone. It

just starts to not make any sense. And then, you start to hear your wife making very fair assessments like, hey, I can't do this for much longer. So, Charles, I hear you loud and clear that you have your own issues that you're going to work through and you have been working through, and I would encourage you to continue doing that on your own.

Ramit Sethi: [00:18:35] Charles, I want you to imagine two scenarios here. When Michelle comes and she starts working on the landscaping, she gets the landscape firm, and they give her the bid, and maybe she shows you the bid or maybe not, it really doesn't matter to me. Now, you get this bid and you hold it in your hand, and it has some number at the bottom with a certain number of digits, you have two choices here. Option one is, honey, I trust you, it's your call, you don't even look at it, you hand it right back to her. Option two, what's that option, Charles, you know that one very well.

Charles: [00:19:13] How much is this going to cost? It seems very expensive.

Ramit Sethi: [00:19:17] Mm-hmm. And that phrase, what do you think that phrase, saying that to Michelle, will cost you?

Charles: [00:19:26] It's going to cost me quite a bit. It's going to totally devalue her efforts and it's going to deflate her balloon on this.

Ramit Sethi: [00:19:36] Yeah. So, you have a choice. Nobody can control you. It's up to you. You're obviously very successful, intelligent guy, but you have a choice, and now, you have it laid out, and we can let our feelings control us or we can acknowledge them, and say, who do I want to be tomorrow? Okay. So, you have plenty of time to think about how you want to-

Charles: [00:19:59] Right. But one of my beliefs that I still struggle with is that, so first class is very comfortable, no doubt about it, but I feel bad. I feel like a pretentious prick in first class, where I see people walking by me, and I don't want to be that guy. And so, that's my money belief, and I've got to get over that, but I just don't feel good about myself.

Michelle: [00:20:25] So, I have no problem sitting in first class while my husband is in economy.

Ramit Sethi: [00:20:33] Okay. Alright. I love it. Charles, would you be willing to do that?

Charles: [00:20:37] Yeah. I mean, I like to travel together with my wife, and so I prefer not to. But if I have to make a choice between traveling together or separate, I'd travel together.

Ramit Sethi: [00:20:49] So, you would get the first class ticket next to her.

Charles: [00:20:51] If she's in first class, I want to travel together, so I'd suck it up, but I'd feel like this pretentious guy and feel like this whole lifestyle creep. It just doesn't match with my values too much.

Ramit Sethi: [00:21:03] I get it. It's, I'm not the kind of guy who flies first class. I'm not the kind of guy who stays at this hotel, orders room service. I get it. I get it. In fact, if I look at some of the things I spend on now, 18-year-old Ramit would be like, what? This is crazy, what a waste of money.

Charles: [00:21:22] Exactly.

Ramit Sethi: [00:21:23] But I'll tell you something. I met a guy in New York, and he told me, he said, I always told my friends I was never going to get married. Everybody knew, I was the single guy. And then, he puts up his ring finger, and says, look at this. Married. I said, what happened? He said, well, I met this amazing girl and I realized I had two choices. I could either keep living the same story I had told myself for 22 years of my life or I could change the story and I could marry this girl, and that's what I did. Your story is yours. You can change it. So, if you feel like a pretentious asshole, okay, that's inside of you, but if I saw you sitting next to me in first class, what do you think I would be thinking?

Charles: [00:22:16] This guy's just like me, he's kind of earned his way in the first class.

Ramit Sethi: [00:22:19] Yeah, or more likely, nothing. I'm not paying attention. I'm just paying attention myself. That's it. Think about the story that you tell yourself about your relationship. What's that story?

Charles: [00:22:32] That that relationship should be of the utmost importance.

Ramit Sethi: [00:22:37] And so, say that.

Charles: [00:22:39] I should prioritize that.

Ramit Sethi: [00:22:39] Yeah. And say that story, if I were single, I probably wouldn't fly first class, but, finish that sentence for me.

Charles: [00:22:45] But I'm married now, and if it makes my wife happy, I'm willing to do it.

Ramit Sethi: [00:22:53] Nice. This is a big moment. This is a great opportunity to take the win. That's one of my principles. Whenever you reach an agreement, no matter how small, celebrate it, do a high five, get a piece of cake out, go for a walk. This is awesome. It's so rare. It's a chance to celebrate. In this case, I'm going to keep going, but before we do, it's important that I explain what just happened about that first class ticket.

Ramit Sethi: [00:23:22] The point of my conversation with Charles was not to badger him into paying for first class. There are some people who simply don't value something, and they consciously decide not to do it. Fine. But that's not what's happening here. Too often, people don't spend their money on something out of fear, and then they try to intellectually justify it by saying, I don't really value it. Here's how you can tell the difference.

Ramit Sethi: [00:23:49] If someone has a net worth of \$11 million and earns millions of dollars a year, that person can easily afford first class. If that person is deciding not to fly out of fear that he'll trip, and fall, and spend \$11 million, that's a red flag. And if that person's wife is threatening to divorce him for his money beliefs, that's one of the biggest red flags of all.

Ramit Sethi: [00:24:17] That is why I felt comfortable pushing him into acknowledging that he can fly first class. Emerson has this quote that I absolutely love, a foolish

consistency is the hobgoblin of little minds. Sometimes, the story you've been telling yourself for 20 years needs to be rewritten. And now that I've secured this win, I'm going to push them even harder to get even more specific. How is it currently structured? Is it in one account? How does it work?

Charles: [00:24:50] We have a joint account, joint checking account, joint savings account. She has a separate account. We have joint investment accounts and individual investment account. We have individual retirement account and we have jointly owned investment properties.

Ramit Sethi: [00:25:09] Okay. Michelle, if you wanted to do the landscaping today, technically, you have access to money, you could pull it out of savings, or you could sell investments, or whatever. Is that correct?

Michelle: [00:25:20] You're asking me?

Ramit Sethi: [00:25:22] Yeah.

Michelle: [00:25:23] It's a responsibility. It's not a real thing that I can take money out of. There would be ramifications if I just decided to take money out of the joint account. I would have to hear the words. Why'd you do that? I mean, he would probably be the one wanting to divorce if I touched a significant amount of money. If I just moved \$20,000 instead, I just felt like doing that.

Charles: [00:25:52] I wouldn't say that. I would say, I'd be upset, I wouldn't say a divorce, but I'd be like, let's not throw money around unnecessarily.

Ramit Sethi: [00:26:05] Let's make a plan. It's funny, for other people listening to this, 20K would be quite serious. If one partner took 20K out of their savings account, that could be devastating. For both of you, that's what, like a day's worth of interest or something like that? Michelle, what would be an ideal financial setup for you?

Michelle: [00:26:27] I think one that I truly have access to, and there's a set number that we have, and it has to be a number that we both agree on.

Ramit Sethi: [00:26:36] Very good. I call it a worry-free number. Below this number, we're not going to worry about it. Okay. So, if I go to the grocery store and I'm looking at two different types of lettuce, I don't care. And of course, the more successful you get, the bigger that number is. What would you say your worry-free number is?

Michelle: [00:26:57] It's changed over the years, but now that we're at this stage in our marriage, I would say five grand. I just don't want to hear much banter if it's less than that.

Ramit Sethi: [00:27:10] Okay. That's what you want it to be, is that what it currently is today?

Michelle: [00:27:13] Not at all. Probably \$500. I mean, it's not even the number, if there's a charge that he doesn't think is valuable, there's an argument about it.

Charles: [00:27:23] I'd say 500 bucks is the number where if we hadn't talked about it, it's like, hey, what did you spend this on? I'd ask her about it. I don't know if it's an argument, but it's a question.

Michelle: [00:27:33] We had that argument about \$500. I bought my daughter a mattress for \$500, and he said he found it on Amazon for 300. And we argued about that for a week, and I took two weeks to research mattresses, and 500-

Charles: [00:27:47] What?

Michelle: [00:27:47] Yes. I got one of those Nectar or Casper real comfortable mattresses, and he literally did one search, and said, you could have gotten that on Amazon, it was 500.

Ramit Sethi: [00:27:56] So, we have established definitively that \$500 is the current worry-free number and it's not going well. Okay. Fine. Charles, I'm laughing, we're all laughing, but Charles, knowing what you have heard today, how would you have handled that mattress situation?

Charles: [00:28:16] Well, it all boiled down to the internal compass, and that's where I think it went wrong. I would have not said a word. I would even complimented her, and say, hey, honey, you did a great job getting this mattress for our daughter, this is comfortable, it's safe. Thank you for taking the time to do this.

Ramit Sethi: [00:28:32] Okay. I love it. I love it. I like that you are recognizing your internal compass is a little off. I think that's really savvy, and boy, that takes a lot to look inside, because your internal compass affects everything. It affects your lunch bill, it affects your mattress, it affects your 20,000-dollar vacation. And I think you're kind of acknowledging that, which is a beautiful beginning of a new journey for you. Okay. Awesome. Charles, what should that worry-free number be?

Charles: [00:29:02] Probably about 1,000 bucks?

Ramit Sethi: [00:29:04] How did you come to that number?

Charles: [00:29:06] If I look at our expenses, we have a lot of expense that come through the credit card, and I think if I look at the expenses, the ones that that come in above a thousand, that I'm not aware of, that surprised me are the ones I kind of react to the most.

Ramit Sethi: [00:29:22] That seemed a bit like a tautology. These are the numbers that I react to, therefore the numbers should be this number.

Charles: [00:29:29] Right.

Ramit Sethi: [00:29:30] Okay. That's certainly one approach. Alright. Fine. We all have our approaches. Let me suggest another approach. Is there somebody else on this call right now, somebody who may have just mentioned a worry-free number? What did she say?

Michelle: [00:29:42] She said five grand.

Ramit Sethi: [00:29:43] Okay. I'm not saying you have to agree with her, but I'm saying that she, who's equally valuable, has equal say in what's going on here, picked a number five times larger than your number. Does that surprise you a bit?

Charles: [00:29:58] No, it doesn't.

Ramit Sethi: [00:30:00] Well, it should.

Charles: [00:30:00] Why?

Ramit Sethi: [00:30:02] It should tell you that if one of you is five times different than the other, there is some massive, massive disagreement. Somebody, in some way, is looking at this in a totally different way. It's not like I said, oh, let me get the appetizer for 10 bucks, oh, I don't know, 12 bucks, no, five times the difference. So, how do you want to use that information?

Charles: [00:30:28] What that number means is there's going to be just a complete carte blanche to spend whatever you want, wherever you want, and it's going to make our expenses kind of go up, it's going to balloon.

Ramit Sethi: [00:30:39] Whoa, whoa, whoa, whoa. Hold on. We were almost there, and then we just took a sharp left turn. Let me rephrase what I just heard, because this is really important. So, Michelle said, I think our worry-free number should be 5,000 bucks. I don't really want to talk about it below that number. Charles, you said 1,000. And then, we started comparing the two numbers, and you go, you know what, we don't really spend anything at 5,000 bucks. I said, okay, keep going, we're getting there. And then, you go, so if I pick 5,000, the conclusion was Michelle is going to start spending \$5,000 bills left and right, left and right.

Michelle: [00:31:15] Every week.

Ramit Sethi: [00:31:16] Has Michelle ever done that in 21 years?

Michelle: [00:31:20] Ever.

Charles: [00:31:21] Yes. And so, let me tell you how she's done that. So, buying a house is one of the biggest purchases you can make, and Michelle dictated that process for the house we're in today. I thought it didn't meet my internal value compass, but we went ahead and did it anyway. And every single month, we're paying for that decision that Michelle made.

Ramit Sethi: [00:31:40] One sec, Michelle, I got this one. So, you bought a house, okay, fine. And by the way, your house costs two-and-a-half million bucks.

Michelle: [00:31:53] I earned him money. The house was 1.5. It is now worth 2.6. So, this so-called terrible decision that we made, I just earned him a million dollars.

Ramit Sethi: [00:32:05] It's not about the money. It's really not. Charles, first of all, having a worry-free number of 1,000, 2,000, 5,000 is totally different than buying a house. House is a big, big purchase. Both of you put a lot of time in analysis. I know that. Charles, do you think if your worry-free number was 2,500 bucks, that Michelle is going to be running around buying a ton of 2,500-

Charles: [00:32:32] No, but I think our expenses will go up.

Ramit Sethi: [00:32:35] Let's put that aside for now. Is she going to suddenly turn into somebody who's just dropping thousand dollar bills everywhere?

Charles: [00:32:44] I don't know.

Ramit Sethi: [00:32:46] Do you think so? You know her better than anybody else in the world. Really, before you answer this, think carefully. Get out of your own head. Look at her. Think about her as a mother, a partner. Is she going to spend \$75,000 over the next few months, \$5,000 at a time? I have to cut in here because this is really the crux of the entire discussion. You can hear Charles spinning in his own head.

Ramit Sethi: [00:33:14] He's almost paralyzed by fear that if he increases their worry-free number from \$1,000 to \$5,000, Michelle is suddenly going to spend all their money. This has nothing to do with Michelle. He's not even thinking about her as a person right now. He's not thinking about her as a wife, a mother, a partner. She is just a placeholder

in his mind. We know this because she's given him zero reason to worry about her in this way. He's spinning because these are his own fears. The problem is, well, there are two problems.

Ramit Sethi: [00:33:52] First, he's unnecessarily restricting himself from a beautiful, rich life that he's earned. Second, and much more importantly, Michelle is reacting to this. She feels accused, cornered, disrespected. I only wish you could have seen her face during this conversation. She really looked so hurt, fragile, so resigned. Charles's beliefs are causing serious damage, maybe irreparable damage, and for what? To save a few thousand dollars? A rich life is about more than money. So, let's go back to this heated conversation. Notice how quickly it moves now as they're both moving to their corners and preparing for battle.

Charles: [00:34:40] Well, I don't know. And the reason why I say I don't know is because we had talked about going on a vacation to Costa Rica, and a friend recommended this villa, and it looked great. And then, we got to the price and the price was \$2,200 a night.

Michelle: [00:34:55] No. That was total, not a night.

Charles: [00:34:57] No. It was 2,200 bucks a night, and I thought, wow, that's kind of crazy, that's expensive. That was my reaction. Michelle's reaction was, why can't we do it? And so, I'm like, oh, so my concern is that, in that case, if I said, okay, let's do it, we could have dropped like 25 grand on a vacation. I just figured that it just didn't seem it was good value. So, my concern-

Ramit Sethi: [00:35:21] Hold on. There are so many things in that sentence. So, yeah, maybe it wasn't a good value. There's a lot of cheaper places in Costa Rica. I get that. And when I was a kid, I couldn't have afforded to stay at \$2,200 a night. Is the purpose of going to Costa Rica to get a good value?

Charles: [00:35:40] No, it's to have a good experience.

Ramit Sethi: [00:35:42] Yeah. And when you thought back to that Italy trip, what did we not talk about?

Charles: [00:35:48] Price and value.

Ramit Sethi: [00:35:49] Yeah. And so, I hear that you both discussed this Costa Rica thing 2,200 bucks total or per night, doesn't really matter. What I would like you to be able to do walking out of here is to critically look back at the stories you've told yourself. So, Charles, when you had that discussion about Costa Rica, you said, oh, this sounds kind of crazy, it could be 25,000 bucks, that's not a good value. Okay. You did indeed say that. Now, knowing what you know today, how would you evaluate that Costa Rica trip?

Charles: [00:36:25] Instead of having the exclusively priced lands on the Costa Rica trip, I would have the combination of an experience's lens on that trip, to say, hey, will this be a good experience for my wife or my family? And then, start to kind of factor in like Michelle does, once we kind of factor in all of the things we want, and then start looking at that price, at the cost of the trip, and see if it fits into what we needed to fit into.

Ramit Sethi: [00:36:51] Yeah. Where I would like to eventually see the two of you is clearer black and white guidelines on who is making decisions. Charles, you do this at work all the time, right? It's not like every random person at work is like chipping in and offering their—it's like, hey, if you want to give me some thoughts, fine, but I'm the decision maker. That's how it works at work. And at home, it's so porous.

Ramit Sethi: [00:37:17] I can see it. She's getting excited about a Costa Rica trip, then inevitably, you come in, what about this? What about that? And it's always cost. It's like those people at work. They start speaking up, and you already know what they're going to say, and they're always annoying, you're just like, oh, my God, just shut your mouth, I don't need to hear from you again. By the way, this doesn't happen at my own company for any of the people listening.

Ramit Sethi: [00:37:36] I love IWT employees. You guys are awesome. We have a great team. But past companies. So, what I would wish for you would be some clear rules. Here's a worry-free number, below this, we're not going to talk about it. Every six months, we're going to re-evaluate our money free number to see if it needs to go up or

down. Hey, we might have made a mistake, let's give it six months, we'll fix it up then, so nothing to worry about.

Ramit Sethi: [00:38:06] I would like to see some rules, such as, you are in charge of X, I have no say at all. On these topics, I can recommend things, but you're the ultimate decision maker. On these ones, we have to do it jointly, we both have to be partners, we have to sign off. And then, finally, for this one, I'm in charge, right? I don't want to actually hear anything from you, I'm the one in charge. Do you have any rules like that?

Michelle: [00:38:34] That is fantastic, because the truth of the matter is, on the Costa Rica example, I wouldn't have even picked that one. I would say that's ridiculous. So, the truth of the matter is just because we look at one initial thing doesn't mean that's the one I'm actually going to go with.

Ramit Sethi: [00:38:52] Should we come up with some rules right now?

Charles: [00:38:54] Yeah, I think that's a good approach. I think that we kind of have de facto areas, where like on the investment side, I've been largely the one driving the investments, for example. I think that I'd like to continue, but I want to have more of Michelle's input from the investments.

Michelle: [00:39:09] And then, I really like what you said about our worry-free money, it's not that it's every other week, I'll make separate purchases of 5,000, and even, let's say the worst case scenario, that happened, let's reevaluate them in six months. Let's see if I actually did that, and then we can talk like, wait, that was way too much. And that number won't kill us. If I did that every month, okay, let's reevaluate that.

Ramit Sethi: [00:39:31] Let me give you a quick little tip on this, little tactical tip. So, right now, you have a worry-free number of 1,000, Charles. Michelle, you're at 5,000. Here's what I propose. I propose you meet in the middle at 2,500, and you can add a cap. A cap says, between now and the next six months, what would be a maximum number of 2,500-dollar purchases that either of you would make without talking to the other, right?

Ramit Sethi: [00:40:03] And if it goes above this, I'll definitely bring it up. It basically escalates out of the worry-free category, and I say, you know what, I want to just give you a heads up, I've been making a lot of these purchases, and I want to make sure you're aware of it, let's have a little conversation. So, first off, do you both feel comfortable starting at 2,500 for a worry-free number?

Charles: [00:40:23] I'm good with that.

Michelle: [00:40:25] I was thinking three, but I guess-

Ramit Sethi: [00:40:30] Charles, \$500 is potentially money very well-spent for you.

Charles: [00:40:39] Sure. That's fine.

Ramit Sethi: [00:40:41] Do you feel comfortable with that?

Charles: [00:40:42] Yeah.

Ramit Sethi: [00:40:43] Okay. 3,000 bucks. A little agreement goes a long way in these discussions. It really shows positive intent. Okay. 3,000. Lock it in. Take the win. Great job. You both have created a great money rule. So, below \$3,000 for the next six months, you're not going to talk about it. Fair? So, let's give some examples. What would be an example of something you might spend on, Michelle, and then Charles, that you're just not going to even bring up? Michelle, go ahead.

Michelle: [00:41:18] I've been begging for a Peloton for the last year since COVID

Ramit Sethi: [00:41:23] Done. It's ordered tonight. What's next?

Michelle: [00:41:26] For me?

Ramit Sethi: [00:41:27] Yeah. Just got to jump in here for a second, say, wow, it really gives me great joy to spend other people's money. I think I just ordered Michelle a Peloton with Michelle and Charles's money. What a great job I have. My next podcast is going to be called Ramit, spend my money for me. I would be the best in the world at

that. I only have one wish. That wish is that one day, someone comes on this podcast, and says, Ramit, I'm going to buy every program of yours from iwt.com/products, all of them, the ones on money, and starting a business and careers, and psychology.

Ramit Sethi: [00:42:08] You're damn right. Request approved. But now, you set up a simple rule, both of you agreed to it, and now, you have freedom to dream. Peloton. Love it. Amazing. Order it tonight, and you get on that Peloton, you're going to feel so good, it's going to feel like Charles feels getting into his Tesla. That's a beautiful thing. Charles, what are you going to spend this worry-free money on potentially?

Michelle: [00:42:34] Nothing.

Ramit Sethi: [00:42:40] If you're stuck, tell me, I'll be your lifeline.

Charles: [00:42:43] So, I think I like to go to a fantasy baseball camp, The Dodgers, in Vero Beach, and spend a week with the Hall of Famers.

Ramit Sethi: [00:42:56] That's less than 3,000 bucks?

Charles: [00:42:58] No, but I also like to get some autographed Muhammad Ali gloves signed and get a Jackie Robinson signed check, get some sports memorabilia.

Ramit Sethi: [00:43:09] Where did all this stuff come from? All of a sudden, you have this list of things you're going to get. I love it. Where did this come from?

Charles: [00:43:15] Well, I read your book and I started to sketch out my rich life and this is on it.

Ramit Sethi: [00:43:19] Okay. Very good. So, sounds like two of those things fall under worry-free, and the third one probably need to be some kind of discussion, right? This Dodgers thing. Great. Love it. Both of you starting to realize, okay, we spent this money, it did not change a single thing for us financially. In fact, it was just sitting here in this swamp, just sitting here in a savings account or a checking account, just sitting there doing nothing. And now, every day I wake up, I go to the exercise room, I have a Peloton, I feel joy. Love it.

Charles: [00:43:50] But Ramit, let me ask you this. There are folks that have much more money than I do that end up going bankrupt. Like what happened to them?

Ramit Sethi: [00:43:57] Okay. What do you think happened? You tell me.

Charles: [00:43:59] They didn't pay attention and they started spending extravagantly, and when they realized that they kind of got themselves in trouble.

Ramit Sethi: [00:44:07] Yeah. But they didn't go bankrupt buying Peloton's. Do you know how many Peloton's you can buy? Like I can't do the math, the numbers are too many zeros in there. What did they go bankrupt buying?

Charles: [00:44:18] But they loosened the floodgates, and they bought like vacations, cars, homes, all kinds of stuff.

Ramit Sethi: [00:44:26] Yeah. You ever eat at a nice restaurant?

Charles: [00:44:27] Uh-huh.

Ramit Sethi: [00:44:28] What was the first nice restaurant you remember eating at?

Charles: [00:44:31] Benihana's, Beverly Hills?

Ramit Sethi: [00:44:32] Very nice. Okay. Very good. So, in the frugality world, there's a lot of frugal people who love to say, I don't need to eat at a fancy restaurant. If I made \$180,000, I wouldn't eat there, or I don't need to fly business class, even if I made X dollars, I would never do. I used to say that about business class, haha, stupid people, why are they doing that?

Ramit Sethi: [00:44:56] Deep down, what that really means is I'm worried that if I eat at a nice restaurant once, I don't trust myself, and I'm afraid I'm going to slip, and fall, and eat there every single day for the rest of my life. Does that sound familiar, Charles? First, it's a Peloton. Next, it's landscaping, then it's a 7 million-dollar house in South Lake Tahoe, and then bankruptcy. Sound familiar?

Charles: [00:45:28] Yeah. That's how it happens.

Michelle: [00:45:28] So, the solution has been nothing.

Ramit Sethi: [00:45:31] Correct.

Michelle: [00:45:32] The solution has been nothing, because it's either one or all, or nothing.

Ramit Sethi: [00:45:34] Correct. Yeah. It's classic all or nothing thinking. So, here's what I will say, I'm going to give you a little suggestion, Michelle. This is something I learned from the fitness world. There are a lot of trainers, and they were trying to figure out how to encourage some of their female clients to lift weights instead of just doing cardio. And the first thing that they would hear was, I don't want to get really bulky, I don't want to look like Schwarzenegger. And in my head, I was like, I wish it was that easy, it's really hard. So, first they told them, that doesn't happen, and muscles had a lot of work to develop [making sounds]. Finally, I heard the best answer I've ever heard. A trainer said, okay, I hear you, we'll stop before we get there. So, Michelle, tell Charles that.

Michelle: [00:46:27] Charles, before we ever got near bankruptcy or even near a space that would be detrimental to our net worth and our family's wealth, we'll stop far in advance. Let's talk if you think I'm going in that direction after 12 months.

Charles: [00:46:43] Okay. Fair enough.

Ramit Sethi: [00:46:45] You two did it. You got married. You raised a beautiful family. You became wildly financially successful and you're still really young, mobile, everything's put together, you're great. It would be a tragedy to wait another 10 years, which would turn into another 10.

Michelle: [00:47:08] Yeah.

Charles: [00:47:09] The bitterness would deepen, possibly divorce, and we wouldn't get to enjoy all the hard work we went through to be in this financial position, it would be a wasted opportunity.

Ramit Sethi: [00:47:22] What I would like you to work towards, North Star is not just for you both to be spending more money. I don't really care how much you spend. I want you to have a rich life, and rich life means, Michelle, you are happy in your beautiful home. I want that for you. You are traveling. Charles, a rich life for you is feeling like your money is not out of control, that you will have enough and to know it, like deep down in your spreadsheet bones, and to be just a little more adventurous than you are today.

Ramit Sethi: [00:47:57] I have a wish that the two of you will become playful with money, and that you kind of look back on this time and you say, I can't believe that I was sharing a Netflix password. What was I thinking? Well, what did you use to call me? What did all the kids call me? They used to call me Cheap Charles, not anymore. Look at me now. Look at the shirt I'm wearing, looking pretty nice, isn't it? Just these little jokes that really illustrate the fabric of a beautiful relationship.

Ramit Sethi: [00:48:25] I have a wish that the both of you will get there. Thanks for listening to I Will Teach You To Be Rich. I'm Ramit Sethi. Please follow the show on Apple, Spotify, or wherever you listen to podcasts. To find our entire back catalog of podcast episodes, go to iwt.com/podcast. 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.

Alexandra: [00:49:20] I very much feel that whenever I want to spend money on myself, it is an asking for permission and I'd rather not ask permission, so I just go without. I know there are things underneath the surface for both of us that we're not saying to each other, we maybe just harbor a bit of resentment towards each other.