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**Alex:** [00:00:36] I said no amount of money that we make will make you feel secure, because if we're making a million dollars a year, you're going to think, oh, we need two million or a million-and-a-half, and it's just going to keep escalating.

**Lauren:** [00:00:51] I feel like I'll be complete if I can buy this beach house.

**Ramit Sethi:** [00:00:58] How do you talk about money with your partner when the two of you can't even agree if you're doing well or not? Today, meet Lauren and Alex. Lauren is worried about money. She's constantly feeling like they'll never have enough. And ever since they bought their new house, all she sees is expense after expense. And now, she started to resent the house, because every payment they make is one less dollar she can save towards what she really wants, and that is a beach house.

**Ramit Sethi:** [00:01:30] She even tells me, I won't be happy until I finally get that beach house. Alex can't understand why Lauren feels scared about money. They earn \$425,000 a year, and he's proud that they bought this 1.3 million-dollar house. He doesn't mind the repairs. He knows that's what comes along with an old house. As you listen to today's episode, pay attention to the clues. You'll hear them in Lauren's profession, in her face cream, in the number of cars they have, and that dream of a beach house. I'm Ramit Sethi, and this is the I Will Teach You To Be Rich podcast.

**Ramit Sethi:** [00:02:13] So, Alex, you feel like you're flying high, so why do you think that Lauren asked you to come to this recording?

**Alex:** [00:02:23] Well, I think that she thinks that we're not okay financially, that because we've taken on massive debt with buying a big property that that is a risk, and the future is always uncertain, whether it be I lose my job or I don't longer have work, just consumed by financial fear. And I think that that's why she's reaching out to you.

**Ramit Sethi:** [00:02:49] How did you feel when she suggested coming to this? What were the emotions that went through your body?

**Alex:** [00:02:56] Are you kidding me? That's what it was, my first thought. I was like, we're doing great. There's no need for a coach. And I think that this is just another one of those reassurances, she needs to be constantly reassured. And if she's reassured financially that the decisions we have made thus far are in the right direction, she will be able to sleep better at night.

**Ramit Sethi:** [00:03:24] Give me an example of how you are fearful of money.

**Lauren:** [00:03:29] Well, I would just rather not spend on big life purchases such as a mortgage, like we had to rent for two months while we were in between homes, and I kind of loved it. I loved having no maintenance and just sacking money away in the bank. I didn't have to worry about being a homeowner where just like anything could go wrong at any time, and then we'd have to spend money on broken pipes, and broken this, and broken that. It just feels insurmountable right now, because we have this new mortgage, four cars, yes, are we both making a lot of money? We are, but it still doesn't feel like enough. And I don't mean that in a way that like in greed, but it's just like we are not really saving right now as much as I would like to be saving.

**Ramit Sethi:** [00:04:21] You'll hear this a lot. You'll hear people saying, we're not saving enough, and they start spinning in their heads, we're not saving enough. If we don't save enough, we could run out of money. If we run out of money, we're going to be out on the street. If we're out on the street, our kids will die orphans. And when you ask them, how much is enough, they are almost visually shaken out of their stupor. It's very easy for people to catastrophize about certain things in life, to focus on the very worst that can happen.

**Ramit Sethi:** [00:04:54] And money is a really common example, mostly because we don't understand it. We don't know how to calculate how much is enough. We don't understand compound interest, which is extremely counterintuitive. And candidly, most of the people who worry about money have never spent a single weekend reading a good book about personal finance. In their case, they could find the answer very

quickly. They could then decide, is that enough for their rich life? Is it not? But right now, Lauren is getting something out of this, spinning out of this catastrophizing, and it's allowing her to take this frenetic energy, and at least pretend to focus it somewhere.

**Lauren:** [00:05:41] I feel like I'll be complete if I can buy this beach house that I want.

**Ramit Sethi:** [00:05:46] Complete?

**Lauren:** [00:05:48] I won't want another thing, materialistically.

**Ramit Sethi:** [00:05:51] Alex, do you believe that?

**Alex:** [00:05:53] Honestly, I want to believe. I think that I've talked to her before about this. I think that wanting money always leads to more money.

**Ramit Sethi:** [00:06:04] People's perceptions of money are highly uncorrelated with how much money they have in the bank. I talked to multimillionaires who feel poor, I talked to people of 50 grand feel on top of the world, and vice versa. Okay. Highly uncorrelated, your feelings. And the irony there is that many of us believe if we change the number in our bank account, our feelings will change. Rarely happens, rarely happens. In order to change your feelings, you know what you need to work on, your feelings? I'm going to go out on a limb and guess that when you have told Lauren that, Lauren, we actually make a lot of money, it doesn't work. Is that a good-

**Alex:** [00:06:56] Yeah.

**Ramit Sethi:** [00:06:56] It doesn't work, right?

**Alex:** [00:06:56] No.

**Ramit Sethi:** [00:06:58] And so, when you did that and it didn't work, what did you do next?

**Alex:** [00:07:02] I said, no amount of money that we make will make you feel secure, because if we're making a million dollars a year, you're going to think, oh, we need two million or a million-and-a-half, and it's just going to keep escalating.

**Ramit Sethi:** [00:07:17] Mm-hmm. When do you remember first being afraid of money?

**Lauren:** [00:07:22] Oh, gosh, probably like my first memory, like having to ask my dad for money for soccer cleats, because my mom couldn't ask him.

**Ramit Sethi:** [00:07:35] Why?

**Lauren:** [00:07:38] We cannot discuss money with my dad.

**Ramit Sethi:** [00:07:43] What would he do?

**Lauren:** [00:07:44] Blow up. Blow up.

**Ramit Sethi:** [00:07:48] What, he didn't have enough, he felt uncomfortable, what was it?

**Lauren:** [00:07:52] I mean, he made as much money as Alex and I, but he had four kids and he just felt like kind of like how I feel, that it just never ends, and all I would hear growing up is the outflow is more than the inflow.

**Ramit Sethi:** [00:08:09] This isn't surprising at all. 90% of the time, I can trace back your money beliefs to what your parents believed, and you have to recognize that your parents were probably not very savvy, financially speaking. These are what I call invisible scripts, these beliefs that are so deeply embedded that they're invisible. When you grew up, you absorbed random phrases your parents said.

**Ramit Sethi:** [00:08:35] You might have heard them complaining about money. You might have heard them say phrases like money doesn't grow on trees. It's hard for people to acknowledge that these phrases you heard 40 years ago can actually be controlling your behavior today. People like to believe that they're in control of their behavior, that they're rational and logical, and that if they believe something, it's

because they weighed the evidence. And what we learn from social psychology is that that belief is largely bullshit.

**Ramit Sethi:** [00:09:10] You think you put bananas and corn flakes, because you just happen to discover that? No, it's because a banana company invented the idea of putting bananas in corn flakes about 100 years ago. Do you know why you feel certain ways about money? It's often because of something your parents said 40 years ago. And this is humbling, because to truly change, you have to acknowledge that many of your beliefs are actually not yours, you just inherited them.

**Ramit Sethi:** [00:09:41] That sounds familiar, doesn't it?

**Lauren:** [00:09:44] Yeah.

**Ramit Sethi:** [00:09:45] What other phrases did he say about money?

**Lauren:** [00:09:48] Money doesn't grow on trees. Oh, it's not what you make, it's what you save.

**Ramit Sethi:** [00:09:54] Wow. Do you see any connection to some of the phrases you said earlier on?

**Lauren:** [00:10:00] Of course. Of course. Believe me, I know I've got him living inside me. Even though I knew my dad was making a lot of money, we never felt rich.

**Ramit Sethi:** [00:10:11] How much was he making?

**Lauren:** [00:10:13] At like the height 20 years ago, probably 450,000 a year.

**Ramit Sethi:** [00:10:19] 450,000 a year in approximately the year 2000. That's a lot of money. And how did he feel about his money?

**Lauren:** [00:10:32] That he didn't have any.

**Ramit Sethi:** [00:10:34] Yeah, yeah. And by the way, how much is your household income right now?

**Lauren:** [00:10:39] 425,000.

**Ramit Sethi:** [00:10:42] Are you hearing these similarities? Four kids, four cars, 450,000-dollar income, 425,000-dollar income. There's not enough money, both of them said that. It's almost like looking at yourself in the mirror. Let's find out why this house is causing so many problems in their relationship.

**Alex:** [00:11:05] We found this beautiful home from the 1920s that the design was just incredible, and we both fell in love with the house right away, reminded us of our childhood, reminded us both growing up. I mean, I came from Chile when I was 10, and reminded me of my grandpa's house, she had same feelings with her grandpa.

**Ramit Sethi:** [00:11:25] How much did the house cost?

**Alex:** [00:11:28] One million three hundred and eighty one?

**Ramit Sethi:** [00:11:31] Okay. And how did you both feel about the financial side of that?

**Alex:** [00:11:35] We crunched the numbers, needed some electrical work and needed some other things, we did the numbers, and that was the most we could afford, and still have money left over to fix it, and then have money left over in our savings. So, we didn't drain our savings to get the house.

**Ramit Sethi:** [00:11:54] Very good. Sounds like you did, actually, a pretty thorough analysis, which is phenomenal. Lauren, do you agree with what Alex just said?

**Lauren:** [00:12:03] No. So, getting into the house, there were more things that needed to be fixed, like more than met the eye, originally, and it was overwhelming to me. It was just beyond, and again, I felt that same horrible feeling like, oh, gosh, the spigot has been opened, the money spigot, and it's never going to stop, like the faucet is never going to stop, because it was just one thing after another that you just don't realize

when you're in the exuberance of, oh, my God, this house is so amazing, well, there were no appliances, there are no window coverings, there's a roof that was not insurable. And it just felt like even though we'd run the numbers for a lot of the things, there were some things that we just overlooked, just until you get into a new house, you just can't predict.

**Ramit Sethi:** [00:12:55] What started happening at this moment between the two of you?

**Lauren:** [00:13:00] Fighting. I was trying to control Alex's spending, because he would just be like, oh, I called a contractor, he's coming tomorrow, and I'd be like, well, did you get an estimate? How much is this? And he'd say, oh, don't worry about it, it's fine. And I said, no, no, no, no, no, how much is it going to cost? And so then, I started really micromanaging Alex's expenditures, and in his defense, I started lashing out by just like spending, because I was just like, whatever, this is out of control.

**Ramit Sethi:** [00:13:27] What was it that you went off to buy?

**Lauren:** [00:13:30] Skincare.

**Alex:** [00:13:31] Face stuff, probably.

**Ramit Sethi:** [00:13:33] Wait, hold on. What skincare? What brands are we talking about here? La Mer, what are we talking about?

**Lauren:** [00:13:37] Skincenticals.

**Ramit Sethi:** [00:13:39] Oh, okay.

**Lauren:** [00:13:40] I see dermatologist appointments.

**Ramit Sethi:** [00:13:45] Ah, okay. So, this was basically, I'm going to do something for me, right? Why? Why were you doing it for you?

**Lauren:** [00:13:53] Because it's not fun for me to spend money on roofs and appliances, and it's depressing. I think I was just seeking some sort of self-soothing.

**Ramit Sethi:** [00:14:06] Yeah, that's pretty perceptive of you.

**Alex:** [00:14:09] You know, Ramit, a house from the 1920s, it's going to need things. It's a beautiful home, it's not a new house, so I always knew that there are going to be other things. I mean, I could fix this house forever and never finish, because it's old. But the charm of the house is the fact that it's old. The value of the home is going to increase, and we're putting money into a home—we're not throwing the money away, basically.

**Ramit Sethi:** [00:14:44] You mentioned being really at rock bottom before, what was rock bottom for you?

**Alex:** [00:14:51] Well, rock bottom is not having a job, being in debt, being in a failing relationship, and having to crawl myself and reinvent myself.

**Ramit Sethi:** [00:15:04] And so, now, when you wake up and you look out the window of this charming 1920s house, what are you feeling?

**Alex:** [00:15:12] I feel empowered, I feel happy. I feel fulfilled, I feel that, wow, look at me now, and look where I was, and look what I've put my hard-earned work, and look what I have accomplished, so I know what it is to not have any money for food, to not have a place to stay, and sleeping on people's couches, and feeling like I was a total deadbeat, that how did it get here? I did not know what to do at that time, and I always think of that moment. I always put myself in that very low moment, and then when I wake up and look what I'm doing now, I can only smile, that's-

**Ramit Sethi:** [00:16:04] Got it. I appreciate that you can celebrate how far you've come. I think that's pretty cool and that's something I wish more of us could do. So, I think it's very cool to hear that.

**Alex:** [00:16:16] Thank you.



**Ramit Sethi:** [00:16:17] Lauren, when you're looking through the windows of this charming 1920s house, what are you feeling?

**Lauren:** [00:16:23] I need to replace the windows next, because we're close to a street that's traffickey and it looks just like more dollar signs. I wake up and I look out the window, and I think, how much do double-pane windows cost, because we need them?

**Ramit Sethi:** [00:16:43] Alex doesn't seem to be thinking that way at all about this house. What do you think about that?

**Lauren:** [00:16:48] It does make me happy for him, but to see him so happy, because he does work so hard and he has worked harder than anyone I know, and he supports me in all of my endeavors, and it's not easy, because I've taken on a lot of extracurricular degrees and other—like not only do I work for what I do, I also teach. I have like a lot of side hustles, and he just supports me in everything, so I just think, okay, well, this is the one thing I can, just to see him happy does make me happy.

**Ramit Sethi:** [00:17:23] Do you think that his happiness has to come at the expense of your happiness?

**Lauren:** [00:17:29] Well, it is right now.

**Ramit Sethi:** [00:17:31] Why?

**Lauren:** [00:17:33] Because he got his dream house and he has his dream car. And he's very generous, I have very nice jewelry, I have very nice purses, because Alex is very generous, but I feel like my main goal is that house that I can't have now, probably for like 10 years.

**Ramit Sethi:** [00:17:59] And if you can't have it for 10 years, what does that mean?

**Lauren:** [00:18:03] That I mean, I'm going to be old by the time I get it.

**Ramit Sethi:** [00:18:09] 50 is old.

**Alex:** [00:18:12] That's what I told her.

**Lauren:** [00:18:13] Well, but the people in our lives, who I want to celebrate it with, like our parents and my nieces, like my nieces aren't going to want to come stay out at a beach house when they're 20. My parents may not be alive, our parents may not be alive. So, it just feels like water just going through my hands, and I feel like time is just running out.

**Ramit Sethi:** [00:18:37] Mm-hmm. What is this concept of a beach house? Where does it come from?

**Lauren:** [00:18:43] Well, Alex identified it for me that I'm just trying to recreate happy times in my childhood, where we used to go out there.

**Ramit Sethi:** [00:18:52] We'll get there. Okay. So, we'll get to the childhood, don't worry. It always starts at childhood. But for you, when we talk about a beach house, is it a specific city?

**Lauren:** [00:19:03] Yes.

**Ramit Sethi:** [00:19:04] Which city?

**Lauren:** [00:19:05] Carmel.

**Ramit Sethi:** [00:19:06] Beautiful place. Alright. And do you know the exact part of Carmel you want to get the house?

**Lauren:** [00:19:11] Yeah, I'm pretty open to it, I just want to be in Carmel, so there are things that we could actually afford—well, sorry, we could have afforded. Now, not because of the expense outlay on the house that we're in now. So, I know exactly, I'm not even picky. I don't even care if it's a shack. So, this is not about the status, I don't want the \$10 million house on the beach, I just want the shack in Carmel, and I'll be happy.

**Ramit Sethi:** [00:19:42] So, let me make sure I understand you correctly. You're not picky about your beach house. You are willing to have a shack, it just has to be in Carmel.

**Lauren:** [00:19:56] Correct.

**Ramit Sethi:** [00:19:57] Okay. Alex, do you agree with that?

**Alex:** [00:20:01] Well, but I see there's like an oxymoron there with her statement, because she says she wants the house in Carmel and she doesn't care that it's a shack, okay, so a shack equals repairs, which she doesn't want-

**Lauren:** [00:20:21] No, that's not true.

**Alex:** [00:20:22] ... unless it's in Carmel. You see the problem, Lauren?

**Lauren:** [00:20:26] Here, let me explain.

**Alex:** [00:20:28] Okay.

**Lauren:** [00:20:28] I didn't want a fixer upper that is a primary residence, because I have to work from home right now, I don't want to be looking at mess all day long, but if it's my passion, and in my heart, and like I've told you before when we looked at those shacks that we were going to buy, I said, I'll go out there and I'll paint it. I will put the floors in myself. This is my passion project. Did I not say that? I did say that.

**Alex:** [00:20:55] You did, but, Ramit, let me put it in perspective here. Lauren doesn't really understand, I work in construction, what it takes to build a home, to fix something. Now, you say that, but when it comes down to it, it's going to be a lot more grand than what you think it is. There's a lot more involved. You work in finance, not with your hands, so that's kind of like your will being taking over reality in that aspect.

**Alex:** [00:21:29] And also, to clarify, Ramit, our house that we just purchased, she makes it sound like it's falling down, and it's like this bucket, the house is beautiful, so there's nothing wrong with the house, except that maybe it needs new windows,

because the windows are old, single-pane glass. Other than that, you could perfectly live in the house with zero upgrades, because we already did them.

**Ramit Sethi:** [00:21:58] Okay. A lot of things to unpack here. First of all, is it really just a windows issue? Because if so, how much do double-pane windows cost?

**Lauren:** [00:22:09] We're waiting on the estimate, but probably 60,000.

**Ramit Sethi:** [00:22:13] Okay. That's more than I thought. Okay. 60,000, fine. 60,000, how long would it take you to be able to afford that?

**Lauren:** [00:22:24] Well, I could afford it right now, but then that takes me 60,000 farther away from the beach house.

**Ramit Sethi:** [00:22:30] So, what's the answer to my question?

**Lauren:** [00:22:33] 20 years.

**Ramit Sethi:** [00:22:36] It takes you 20 years to afford \$60,000 on a 425,000-dollar income. How so? Walk me through it.

**Lauren:** [00:22:45] Because we have got to come up with a plan to put savings to the beach house, and then a pot for the home improvements, because right now, everything's just sitting in the fund, which was supposed to be for the beach house, but now, maybe it needs to be for the double-pane windows, I don't know. This is where the confusion and I just want to bury my head in the sand.

**Ramit Sethi:** [00:23:09] Yeah, I can see that it would feel really overwhelming. You have these numbers, and the numbers are quite large, your income, your savings, your mortgage, double-pane windows, and then this Carmel beach house. These are pretty big numbers. And from your perspective living in it, I can imagine, you're just like, oh, my God, 20 grand here, 15 grand there, 60 grand over here, I don't want to talk about this anymore. Like, God, I just want to have a place to live that works. What do you think my perspective is from talking to you and looking at your numbers when I ask about your double-pane glass?

**Lauren:** [00:23:51] I think you're probably thinking like, stop crying and you can afford it. But the but is my amazing salary is contingent on a lot of things in the future, which I don't want to like waste too much time on, but I am dependent on inheriting someone else's clients. And anyways, I don't want to digress, but basically, I don't have assurance that I'm going to be making that much money in the future, and it's going to continue to go up, whereas Alex is just like, of course, it's going to go up, why wouldn't it go up?

**Lauren:** [00:24:28] And then, I'm negative for thinking like, this might be the top of my salary, but I just want to be realistic. Like this might be the best that I can do in this career that I've chosen. I don't want to limit myself, and I know that might be pessimistic, and if it is, I may have to find something else or like increase the side hustles that I have going on.

**Ramit Sethi:** [00:24:57] And could you do that?

**Lauren:** [00:24:59] I could, but that overwhelms me, too. But I could.

**Ramit Sethi:** [00:25:06] What would it feel like if you were not overwhelmed with money, if you actually had a very specific plan?

**Lauren:** [00:25:12] So, I would free up time, probably, to do things that we like doing together, but I'm constantly worrying, constantly budgeting, constantly trying like the new budget diet of the week.

**Ramit Sethi:** [00:25:26] Well, you're not really budgeting, right? You mentioned it doesn't work, so how much time are you really spending on your budgets?

**Lauren:** [00:25:31] Well, I do still track all of my expenditures. It's just too hard for me to include Alex in his expenditures, because it's already hard enough trying to track mine. So, I'm doing a lot like when it comes to like tracking, and saving, and investing.

**Ramit Sethi:** [00:25:45] And does it get you anything?

**Lauren:** [00:25:47] No.

**Ramit Sethi:** [00:25:48] So, why are you doing it?

**Lauren:** [00:25:50] I mean, it is interesting to see how much I spend on groceries, and skincare each month, and gifts, because I spend a lot of gifts.

**Ramit Sethi:** [00:25:59] It's not that interesting. I mean, why are you doing it? I'm asking legitimately. You told me before we started here that budgets don't seem to work, they're like the diet fad of the week, and then now, you're telling me, you spend a lot of time on it, so why? What are you getting out of it?

**Lauren:** [00:26:17] I think it's going to lead to something, but I don't know what. I'm getting something out of it. It makes me feel responsible that I'm tracking my expenses.

**Ramit Sethi:** [00:26:29] Uh-huh. Keep going.

**Lauren:** [00:26:30] I feel responsible, and I know where the money—it's probably has something to do with control, maybe, but I like knowing—it makes me feel maybe less out of control, because I've got these Excel spreadsheets and I'm tracking things.

**Ramit Sethi:** [00:26:46] Mm-hmm. And control means what?

**Lauren:** [00:26:52] Like that I'm not out of control, that we're not—I don't know what control means, to tell you the truth.

**Ramit Sethi:** [00:27:01] What parts of life are you in control and what parts of life are you out of control?

**Lauren:** [00:27:08] I feel like I'm in control of myself, like I'm very disciplined in my diet and exercise, and I'm very dependable as an employee to my clients, and I think I'm a very good wife, and I'm a very good daughter, and I'm an excellent aunt, and I'm in control of those things. But there's a lot of things outside that I can't control, if there's another beam that's broken at the house, I can't control if I don't progress in this

particular field, this niche field that I'm in, like because it is very dependent on other people.

**Ramit Sethi:** [00:27:47] And what are the commonalities of the things where you're out of control?

**Lauren:** [00:27:51] Like the commonality of where things where I'm not in control, they're dependent on other people.

**Ramit Sethi:** [00:28:01] Mm-hmm. In this case, in your financial household, who's the other person?

**Lauren:** [00:28:07] Alex.

**Ramit Sethi:** [00:28:08] And for the one at work, who's it dependent on?

**Lauren:** [00:28:12] My partner retiring.

**Ramit Sethi:** [00:28:14] Yeah. And how does that feel? I asked Lauren if she could just rent a beach house and create those family memories that way. Most of us resist these different ideas, because we have a vision of the way we thought our life would turn out. We thought we might go to college at this college. We thought we might have this kind of job. We might marry this type of person and live this kind of lifestyle.

**Ramit Sethi:** [00:28:44] Often, we are operating on these scripts that were created decades ago, and one of the biggest insights that I've had from my coaches and mentors is to really push and understand what is it you're getting at. If you wanted to have this type of job, why? What does it get you? That way, sometimes, you can achieve the same goal maybe in a different way. So, for example, if Lauren wants to create these family memories with a beach house, fantastic, you can do that. Maybe it means you can rent and do it now instead of having to wait 15 years to own. Owning is not the point here, creating the family memories is.

**Lauren:** [00:29:28] Wouldn't be the end of the world if we just rent a house out there, like my birthday's coming up in a few months, I can rent a house and invite everybody for the weekend. I could do it.

**Ramit Sethi:** [00:29:39] You could do it, and I appreciate you coming on this journey with me. Now, I want to flip that a little bit, because you just went positive on me. I loved it. What would be wrong with doing that? Tell me the truth.

**Lauren:** [00:29:53] Well, it's a little unproductive, because that, say, it's \$1,600, I don't know what the going rate is right now for just a normal house within walking distance of the beach, let's just say 1,600, 2,000 for the three days of the weekend, Friday, Saturday, Sunday, that's 2,000 that could be put towards the down payment of being an owner out there.

**Ramit Sethi:** [00:30:21] That's it, that's your big reason?

**Lauren:** [00:30:23] Yes.

**Ramit Sethi:** [00:30:24] How come you didn't use the same logic when you bought that skincare and all that dermatology stuff?

**Lauren:** [00:30:30] Well, I have to have some pleasure.

**Ramit Sethi:** [00:30:34] Yes, I agree. You put money, a lot of money into your skin care, I have no problem with it, I'm not judging you for it, I think it's great, but notice that you never, I guarantee you have never said, Lauren, this money I just used for the dermatologist could have gone towards my down payment, so I'm not going to do it. So, how come you do that when you're talking about taking your family and creating these memories in Carmel?

**Lauren:** [00:31:02] I have thought of that, and it feels like there's just an—and I totally have had that rational thought of, why don't you pull back the expenses here and put it towards what you really want? And that feels like a thought, and then I'm just like, oh, whatever, well, I kind of need—I'm like, oh, well, I guess I'm contradicting myself, because I think it's not that much money anyways.



**Ramit Sethi:** [00:31:33] The best insights are found in the contradictions. I love that you are running into the wall and backing yourself into a corner. I love that. Because it's too easy for smart people to talk themselves out of the corner. And so, my job is to help you get in there, and then realize, oh, my gosh, I'm grappling with these contradictory beliefs. I believe in self-soothing, taking care of myself, I believe in helping my family and creating these great memories, and yet even though I have the opportunity in front of me to do that, I'm creating an obstacle to myself, and what is that obstacle you're creating for yourself?

**Lauren:** [00:32:16] Not renting the beach house and creating the memories now.

**Ramit Sethi:** [00:32:19] Yeah. The belief that you have to own, even though you, yourself, know that it's going to take you 10-plus years to be able to do it.

**Alex:** [00:32:30] This is not a conversation we haven't had before, if the goal is for her to have these memories with her family and we can do it, then ownership is not really needed. And making more money isn't the answer, either. So, I'm thinking that she's answering her own question. She's answering her own fear.

**Lauren:** [00:32:59] Every day, I just feel insecure. I just feel that there's not really a plan in place there.

**Ramit Sethi:** [00:33:10] A plan would give you what?

**Lauren:** [00:33:13] Security.

**Ramit Sethi:** [00:33:14] What does that mean?

**Lauren:** [00:33:17] Security means that I might not have to worry as much.

**Ramit Sethi:** [00:33:23] Mm-hmm. And then what?

**Lauren:** [00:33:25] I don't even know, actually, if that would give me more security.

**Ramit Sethi:** [00:33:31] Keep talking.

**Lauren:** [00:33:31] I mean, it feels like maybe I would just have some sort of predictable future.

**Ramit Sethi:** [00:33:40] You're really, really getting close to the crux of this. It would feel like I would stop worrying, but finish that sentence for me.

**Lauren:** [00:33:54] It would feel like I would stop worrying, but even then, there are things in life that we can't control.

**Ramit Sethi:** [00:34:01] That's right. That's right. So, maybe you would get a succession plan at work and the worry would go away, how long would it go away for?

**Lauren:** [00:34:12] Ten minutes, before then I would think, okay, great, the clients that I did inherit don't like me anymore.

**Ramit Sethi:** [00:34:17] Ten minutes, not even one weekend. You go to a restaurant, you tell them, I'm celebrating, and they bring out a little cake with some candles, not even one weekend?

**Lauren:** [00:34:26] I'm just being hypothetical with how fear can rule my life when it comes to especially finances and especially my career.

**Ramit Sethi:** [00:34:36] Okay. You're exactly right. Do you think, Alex, that maybe there's a way for you to connect with Lauren so that maybe the two of you could start going towards this journey together?

**Alex:** [00:34:48] Oh, yeah. Absolutely, yes.

**Ramit Sethi:** [00:34:50] Great. That's a great start. Awesome. Now, what do you think is a good way for you to connect with Lauren on this topic of the house?

**Alex:** [00:35:01] Perhaps being more open to discussing it?

**Ramit Sethi:** [00:35:05] Well, let's do it right now.

**Alex:** [00:35:06] Sure.

**Ramit Sethi:** [00:35:06] We're here. Might as well.

**Alex:** [00:35:09] Might as well.

**Ramit Sethi:** [00:35:11] Go for it, and remember, what is the goal of this conversation you're about to have?

**Alex:** [00:35:16] The goal is for us to connect, to be-

**Ramit Sethi:** [00:35:21] Okay. Connect, and then what did Lauren say that she really wants walking out of here? What would make her feel secure?

**Alex:** [00:35:30] To feel less financially fearful? Isn't that what she said in the beginning?

**Ramit Sethi:** [00:35:36] I don't know. Ask her, don't ask me. Ask her.

**Alex:** [00:35:39] Lauren, you said-

**Ramit Sethi:** [00:35:41] Uh-uh. Ask her, don't tell her.

**Alex:** [00:35:44] Okay. Would having one-to-one conversations about this topic, about ownership versus renting and creating memories, would that dissipate your financial insecurity?

**Lauren:** [00:36:07] I don't know. I don't know if talking more about it, maybe, yeah, talking about our finances as a joint married couple might help.

**Alex:** [00:36:23] Okay. So, if we had like a monthly meeting and we discussed our finances more so than we were, because technically, we weren't really talking about them with a fine-toothed comb. We were just meaning our monetary goals. That's not

really discussing them. So, if we had a conversation every month, and we were meeting our goals, and talking about them, would that make you feel less financially fearful?

**Lauren:** [00:37:05] Probably. I mean, it could, and I think it's worth a try.

**Alex:** [00:37:08] We will be more in touch and you don't have to feel like you're kind of swimming by yourself.

**Lauren:** [00:37:15] Thank you.

**Ramit Sethi:** [00:37:16] What is stopping you, Lauren, from feeling more secure? Is it having a monthly conversation? Do you even know what you talked about in this conversation?

**Lauren:** [00:37:27] No.

**Ramit Sethi:** [00:37:28] You guys are talking right now and you're talking about a future conversation. What are you actually going to talk about? Why don't we just do it right now?

**Lauren:** [00:37:35] Okay. I mean, we need to talk about getting our savings back on track.

**Ramit Sethi:** [00:37:43] Let's try that with a question.

**Lauren:** [00:37:45] Okay. Alex, how do we go about allocating a savings when I just don't see any leftover money after the house?

**Ramit Sethi:** [00:37:58] Lord, I like your question. It was interesting. I noticed that when you asked the question, you said, hey, how do we create this savings allocation? And then, you squashed it in the second clause of the sentence, because there's just no money around, there's just nothing we could ever do. I mean, how is anyone expected to respond to that positively? You're actually backing Alex into a corner, right? How can Alex or anyone constructively respond to that? They're just going to feel like, oh, my God, she's setting me up to fail.

**Alex:** [00:38:29] Yeah, that's how I felt.

**Ramit Sethi:** [00:38:32] Exactly. So, can we try this again? Ground rule number one, let's assume positive intent. That means that, Lauren, if you're speaking to Alex, you assume that he's a good guy, he wants to succeed with you, he wants to be responsible, he wants to figure out a solution. Alex, same thing, if Lauren is telling you something, she feels a certain way, or she has a question, she's constructive, she wants to solve it, even though she may be needing your help. So, that's my rule. Lauren, what's your rule? And then, Alex, what's your rule?

**Lauren:** [00:39:08] My rule is to not place blame on each other, like don't blame each other for anything.

**Alex:** [00:39:19] My rule is that we really listen to what the other person is saying.

**Ramit Sethi:** [00:39:28] Beautiful. Okay. Let's do it. Let's take another crack at this thing.

**Lauren:** [00:39:34] Alex, are you open to meeting once a month and setting aside time to discuss our finances and reinstating our savings goal?

**Alex:** [00:39:45] Yes, I am. In fact, I will go a step further, and to ask you what you envision that savings amount to be.

**Lauren:** [00:39:59] Okay. Just start at, we could put aside \$500 a month, an emergency fund.

**Alex:** [00:40:08] 500 each to savings?

**Lauren:** [00:40:12] Correct.

**Alex:** [00:40:13] And that would make you feel financially secure?

**Lauren:** [00:40:19] Well, at least that we're working on something and not just spending everything.

**Ramit Sethi:** [00:40:26] Let me pause. This is fantastic. Just a quick note, Alex, ask her open-ended questions. You said that will make you feel financially secure, flip that, and say, I think we can make that happen. If we did, how would that make you feel? Go ahead.

**Alex:** [00:40:45] Lauren, if we did the \$500 each savings, every month, how would that make you feel?

**Lauren:** [00:40:53] That would make me feel that we're back to building up our savings and not spending everything.

**Alex:** [00:41:05] Okay. Great. I'm for it. I would say that beginning, well, today's the 1st, so we could start this month.

**Lauren:** [00:41:17] Okay.

**Alex:** [00:41:17] Let's set a day right now to do that goal.

**Lauren:** [00:41:21] So, like the 15th of the month?

**Alex:** [00:41:25] Done. \$500 on the table on the 15th for the savings. How does that make you feel right now?

**Lauren:** [00:41:37] Better, because now, we're not just spending everything on this house.

**Alex:** [00:41:43] You got it.

**Ramit Sethi:** [00:41:43] Okay. Great job. So, I want to know, Alex, how are you feeling right now?

**Alex:** [00:41:48] If I was flying before, I'm flying even more high. I got to keep the house and she's happy.

**Ramit Sethi:** [00:41:55] Good. Very good. Lauren, how are you feeling right now?

**Lauren:** [00:41:59] Well, I'm feeling that I'm glad that Alex is open to exploring the finances and seeing the need to save.

**Ramit Sethi:** [00:42:10] Yeah, he seemed totally on board. I mean, if anything, he was like, hey, let's get into it, what day? How much? Let's go. He was ready. So, I love that about both of you. You really did assume positive intent. That was pretty easy. You just saved \$12,000 a year. You both tend to defer things until later. I mean, you spend 10 minutes talking about a conversation you were going to have. I'm like, I'm here, let's just do it right now. So, sometimes, it's just pick the number, make a decision. If you're wrong, fix it later. Hey, we picked too much, we can't save that much. Okay. Cut it down by 10%, no big deal. Oh, we're not saving enough, alright, add 20%. Big deal. Pick it, and after two months, reevaluate it.

**Alex:** [00:42:54] I feel it can only make us stronger as a couple. I think if we're able to save 500 each, maybe in six months or in a year, we can increase it, and then we can keep going on that, maybe meet in our monthly meetings, we can say, okay, well, we're making X amount more this year, let's put more to the saving.

**Lauren:** [00:43:25] Yeah, that would be amazing, but we could decide that as we go along.

**Alex:** [00:43:31] Right.

**Lauren:** [00:43:31] At least, we have a base case to start.

**Alex:** [00:43:36] Right. I'm open to it.

**Ramit Sethi:** [00:43:39] You guys are too good. You're making my job easy. You wanted to talk about this feeling, feeling secure, and we know that for you, Lauren, secure relates closely to this Carmel property. So, here's what I'm going to say to you

about that. First off, if you want to buy the Carmel shack, you could. It's certainly possible. In order for you to do that, you would need to run an analysis, both just on the math, I think you would also need to really grapple with being realistic.

**Ramit Sethi:** [00:44:13] Would you be happy in a Carmel shack? Maybe it's worth going around and looking at a couple, and going in there knowing, point blank, I'm not going to buy anything today or even in the next five years, but how do I feel walking into this shack that cost some amount? Legitimately, do I like this or am I trying to convince myself of a childhood memory? Okay. I want you to get a little bit more educated about it. The second thing I want you to do with this upcoming birthday is I want you to rent. Rent a place.

**Ramit Sethi:** [00:44:46] Okay. Get a place that is nice. Maybe if you want to be really diligent about it, get a place that would be equivalent to what you might one day buy. Rent it for a few days. Take a couple of your blankets, throw them on the couch, make it feel like home as much as you can in an Airbnb, and just see, what does it feel like? You're going to know, you might say, I hate this, and then Alex might say, babe, totally respect that this doesn't feel like home to you, let's give it one more shot, let's do it one more time.

**Ramit Sethi:** [00:45:19] We'll pick a different house next time. Maybe we'll even pay a little more. Let's just try it once more, and if after that, you just don't love it, you don't have to talk about renting ever again. But I want you to create those memories now. Don't wait 10-plus years for some magical myth you've created in your head about you have to own. That message might just be the echoes of what your mom believed 40 years ago.

**Ramit Sethi:** [00:45:45] You don't have to follow your mom's invisible scripts, or your dad's, or anybody's. You two are high earners. You get to create your own scripts, how you want to use money. So, if you want to create memories, go for it, rent the place just to try it out, create the memories, order a nice bottle of champagne, whatever you want. And if you love it, do it again.

**Ramit Sethi:** [00:46:08] And if your savings are going well, your earning power is going up, you're putting money aside into this investment account, et cetera, you'll be able to



project, hey, this is exactly when we will be able to buy. But your happiness will not come from buying a beach house in Carmel. I can tell you that right now. I can tell you, I'm going to say it again, because it's so important, your happiness and your security will not come from buying a Carmel beach house. What will it come from?

**Lauren:** [00:46:44] The memories.

**Ramit Sethi:** [00:46:45] Yeah. What else? Look at the two of you.

**Alex:** [00:46:52] Working together.

**Lauren:** [00:46:53] Working together.

**Ramit Sethi:** [00:46:54] Yeah, creating a plan, creating a vision that the two of you love, a vision where one of you doesn't feel like, alright, he wants this house, because it's got a backyard, I'm going to go with it. No, no, no, no, no. That's not a vision. That's like, alright, I'll let him have this one. A vision is one that the two of you get excited about. And we just saw it when the two of you created your 500-dollar a month vision. That was fun.

**Ramit Sethi:** [00:47:18] It actually felt easy. You can get the same thing with Carmel or Santa Barbara, wherever it is you decide to get your place. Okay. The magic is in the planning. It's in creating the journey, and then executing on it. The destination itself is like whatever. That's actually not the point. And so, you don't have to wait 10 years. You shouldn't wait 10 years to feel secure. You can start feeling happy. You can start feeling secure in the next few weeks.

**Ramit Sethi:** [00:47:58] 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](http://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.

**Hannia:** [00:48:39] I buy what I want, and I never look at the prices. That's really making my hands clammy, at the thought of being at the store and like adding the numbers. If it was in my wallet, it needed to be spent, because I wasn't used to having it.