

**Katie:** [00:00:01] I am the result of my mom's sacrifices and I can be the American dream that she wanted, but I want to be different than the situation that my mom had.

**Ramit Sethi:** [00:00:16] You already are. You are different. Your mom never had a million dollars.

**Katie:** [00:00:21] It doesn't feel like a lot of money.

**Ramit Sethi:** [00:00:25] Try this one out. One day, when I'm an old lady, I might be kicked out on the street in the rain, having to take care of my children with one umbrella and a backpack, and that's it. Katie, did you ever receive that message?

**Katie:** [00:00:41] Yeah, because my dad did exactly that.

**Ramit Sethi:** [00:00:46] Most people believe that once they have more money, they'll stop fighting about it, they'll stop being stressed about it. There's this idea that if you earn 25% more or 50% more, suddenly, all of your financial problems will disappear. I want to show you that that's not true. Your feelings about money are highly uncorrelated with how much money you have in the bank. On today's episode, you get to hear from a couple who are high earners, yet they still have tension around money.

Meet Katie and Shawn. She's 30. He's 32. And they're high earners. They make about \$460,000 a year together. The reason they came to me was an argument about a Roomba. They want to buy a second Roomba, and it's causing some tension. So, as you listen to today's episode, I want you to treat it like a crystal ball. Like I said, some of you really believe that if you made \$10,000 more or \$50,000 more, suddenly, life would be a utopia. Katie and Shawn are a living example that that's not true.

This should be alarming to you. It should set off red flags and make you ask yourself, "Wait a second, if I keep telling myself that I just need to have a little more money, yet this couple has a ton of money and they still fight, what does that mean for me? What does it mean for us? And if merely having more money won't make me feel safer, or more generous, or happier, what am I supposed to do about it?" I'm Ramit Sethi, and this is I Will Teach You To Be Rich.

So, what was the fight yesterday about?

**Shawn:** [00:02:36] I have the responsibility of vacuuming the house. We have a Roomba. It is the older model. It vacuums the house, I have to empty the bin maybe once, sometimes, twice, because we have two dogs and a cat, and there's just so much, and I'm just not able to get to it every day. And there is a new Roomba that has a reservoir, and we don't have to clean it out so often, maybe once a week, maybe every other week. And that, for me, I feel like it will save me a lot of time and she doesn't feel like that is a good purchase, a good return on investment.

**Ramit Sethi:** [00:03:15] How much is this Roomba?

**Shawn:** [00:03:19] \$600.

**Katie:** [00:03:20] So, my perspective on the Roomba is we already have two perfectly working Roombas. One's upstairs, one's downstairs. The Roomba isn't something that I think we need just for the small feature of having a brand new like a reservoir. Maybe if one was broken, then I would be open to getting another one, but because we already have two perfectly fine working ones, I don't think that we actually need it.

And we also have a cleaner that comes every other week, so it's not like Shawn is the only person that cleans the house. Like I feel like I help clean. The responsibility of vacuuming isn't all on him. Maybe with the Roomba, like emptying it out and that chore falls on him, but I just feel like there are other priorities in our lives that would justify the cost of 600, \$700 that we would spend on the Roomba that we don't necessarily have yet.

**Ramit Sethi:** [00:04:20] What else would be those priorities?

**Katie:** [00:04:22] Well, I'm currently pregnant, so I'm looking at strollers, I'm looking at car seats, I'm looking at cribs, I'm looking at all the things that we would need to bring a baby into this world. The incremental benefit is not worth the \$700 to me.

**Ramit Sethi:** [00:04:38] You think it's worth it to Shawn?

**Katie:** [00:04:40] Yes, but I also don't think he thinks about the other things that are needed in our lives, because he relies on me heavily to take care of those things, everything else.

**Ramit Sethi:** [00:04:55] Things like a stroller, is that what we're talking about?

**Katie:** [00:04:57] Mm-hmm. Stroller, all those smaller things.

**Ramit Sethi:** [00:05:01] If you buy this Roomba, are you not going to be able to afford a stroller?

**Katie:** [00:05:06] No. I mean, well, yes, we would still be able to afford both things. I think we'll be able to afford everything else. I'm just thinking ahead that, could that money be used somewhere else? Could we be saving it, or investing it, or using it for our child's 529 plan that I intend on opening. It doesn't alleviate the stress that I have when it comes to the other things that I'm thinking about or that I'm trying to plan for.

**Ramit Sethi:** [00:05:42] Do you think it's possible that your stress has nothing to do with the Roomba?

**Katie:** [00:05:47] I know that my stress has nothing to do with the Roomba.

**Ramit Sethi:** [00:05:50] Then, how come you're so fixated on the Roomba?

**Katie:** [00:05:53] Because that's what he's comfortable talking about. And so, I try to have him understand why I have a problem with the Roomba by kind of having it be a segue into the other things that I'm concerned and worried about.

**Ramit Sethi:** [00:06:13] Did you catch that? Katie said, "I know that the real problem isn't the Roomba, but I use the Roomba to hint about what the real problem is, which, by the way, I actually don't know what the real problem is, and he definitely doesn't know what the real problem is". You see the level of hinting and confusion in Katie's response? A lot of people listening to this are like, what is happening right now?

If we can afford the Roomba and I want another Roomba, I'm going to buy the Roomba. What's next? So, what is really going on here? Well, there are lots of clues in Katie's response. Obviously, this is not about the money. They can easily afford it. It's also not about the ROI. ROI is just a code word that highly educated people use to justify their emotions. Roombas don't provide an ROI. They are robots.

It's okay to buy something just because you want it. In fact, the higher your income is, the higher your net worth is, the more things you can buy just because you want them. You think the luxury hotels I stay at provide an ROI? No, they're just awesome. Katie wrote me a story in her application to be on this podcast that explains a little bit about why she's so focused on savings and why she's so concerned with early retirement.

**Katie:** [00:07:38] We did a three-week trip to Southeast Asia. We were in Siem Reap, and everyone kind of knows that picturesque picture of Angkor Wat, the reflection over the water. And in order to do that, you have to wake up at 4:00 AM, take a tuk-tuk, get to the temple, and then they let people in around 4:30, 5:00 in the morning. And you kind of have to run to get a really good spot to see the reflection when the sun rises and everything. And we get there, and we're waiting for the sunrise, and hundreds of people are piling in.

And I notice this little group of like older people, probably 70s, 80s who do one of those like Globus Tours tour bus type of situations. And there was this little old lady, and at first, I smelt it, and she goes, "Oh, my God, I'm having diarrhea." And she had traveler's diarrhea at 5:30 AM at one of the most picturesque places in Cambodia, and I was just thinking to myself, like this poor little old lady was wearing white pants and wanting to see, basically, a once in a lifetime opportunity, and she had to leave with a couple of her friends to get back to the bus, which walking there would take 30, 40 minutes.

She totally missed sunrise, missed probably one of the main reasons why she went on this highlight of Cambodia trip. And I just thought to myself, I never want to be in that situation where I'm 80 years old and missing one of the once in a lifetime opportunities because of a medical emergency or because I chose to do a tour that was not as convenient as how I currently like to travel. And so, that kind of lit a fire under my belly, and I was like, I don't want to work until I'm like 65 and have to feel like I have to travel

that way in order to see the world. Like I want to work hard now, and then retire when I'm young, 50, 55 ideally.

**Ramit Sethi:** [00:09:50] Yeah. You wrote, "I don't want to shit myself at Angkor Wat when I'm 80, I want to retire at 50".

**Katie:** [00:09:59] Yes, exactly.

**Ramit Sethi:** [00:10:03] Now, when I first read that story in the application, that was not a story that I expected to read, but as I thought about Katie and her spending behavior, I realized, this story, while very evocative, might be how she justifies her behavior to herself, but I don't really buy it. I don't think that it was this aha moment at Angkor Wat that caused her to realize that she needs to save more money.

The sort of spending behavior that she has ingrained, it's not something that happens from just one lightbulb moment. I wanted to help her see that she enjoys spending her money, so I did a little exercise with Katie. I asked her to point out something she'd bought just because she wanted it. And I've done this exercise before, usually, it's pretty easy to find something, and people laugh as they realize, yeah, actually, I can buy things that I like. Unfortunately, my exercise did not go like I expected it to.

What kind of cellphone do you have?

**Katie:** [00:11:16] I have an iPhone.

**Ramit Sethi:** [00:11:17] iPhone what?

**Katie:** [00:11:18] 12.

**Ramit Sethi:** [00:11:20] Well, it only has a minor increase on the previous camera and an incremental storage upgrade, if you really compared the stats, it's not worth it.

**Katie:** [00:11:33] Well, the last cellphone that I got before was five years old, so I mean-

**Ramit Sethi:** [00:11:42] Well, I'm not sure you're getting the analogy here. I told you, your cellphone's not worth it. Do you think your cellphone is worth it?

**Katie:** [00:11:55] For the cost, I mean, no.

**Ramit Sethi:** [00:11:59] No, then why did you get it?

**Katie:** [00:12:02] Because I know that I'm going to buy a new phone, and then I probably won't get another phone for another five years.

**Ramit Sethi:** [00:12:09] Okay. Do you have any nice clothes or handbags?

**Katie:** [00:12:13] Yes.

**Ramit Sethi:** [00:12:14] What's an example of one?

**Katie:** [00:12:16] I have a Gucci bag that I recently got for my birthday.

**Ramit Sethi:** [00:12:19] Oh, very nice. Okay. Now, did you buy that or was it gifted to you?

**Katie:** [00:12:23] Shawn bought it for me for my birthday.

**Ramit Sethi:** [00:12:25] Okay. That's cool. What about when you bought with your own money, a clothing piece or handbag?

**Katie:** [00:12:32] I can't really think of an example where I've spent extravagantly on something just for myself of that caliber.

**Ramit Sethi:** [00:12:40] Anything else? Not even clothes or handbags, anything? Look around you. What's in your life that's nice?

**Katie:** [00:12:49] I have a cricket.

**Ramit Sethi:** [00:12:51] What? What is that?

**Katie:** [00:12:53] It's one of those things that you can cut vinyl or cut like materials with like, you can make the little signs, and stickers, and stuff.

**Ramit Sethi:** [00:13:01] This is my worst nightmare. We can't go down this path. I can't talk about dioramas and stuff that gave me nightmares from school. Hey, just look at your headphones. What brand are those headphones?

**Katie:** [00:13:10] They're Beats.

**Ramit Sethi:** [00:13:11] Okay. That's a pretty nice pair of headphones. Did you buy that?

**Katie:** [00:13:15] No, they were free.

**Ramit Sethi:** [00:13:16] Do you buy anything? Do you spend your money on anything?

**Katie:** [00:13:21] Yes, I feel like it's things that we need.

**Ramit Sethi:** [00:13:24] So, it's interesting that you've mentioned this concept of we don't need the Roomba, I will agree with you, you don't need a third Roomba. Shawn, can you agree to that as well?

**Shawn:** [00:13:38] I don't need it, no. I don't need it.

**Ramit Sethi:** [00:13:41] Everybody agrees we don't need it. However, you didn't need the iPhone 12. Why did you get it?

**Katie:** [00:13:52] Because I needed a new phone.

**Ramit Sethi:** [00:13:54] Well, you could have gotten a cheaper phone, you could have gotten a flip phone, you could have gotten a used phone, why that?

**Katie:** [00:14:00] Well, I had an Android before.

**Ramit Sethi:** [00:14:02] You think it's okay to buy something just because you want it?

**Katie:** [00:14:07] Yes, but I tend to want to shop around for it first, and then find the best deal for it.

**Ramit Sethi:** [00:14:18] Why? What do you get out of that?

**Katie:** [00:14:20] Like I could be using the difference on something else. So, if I could get three things that are supposed to total \$1,000, and I get it for \$700, then I have another \$300 to spend where else that we need to spend the money on.

**Ramit Sethi:** [00:14:38] You need or maybe you want to spend the money on?

**Katie:** [00:14:43] Need, like groceries, or car payment, or something like that.

**Ramit Sethi:** [00:14:48] You talk as if you're scrimping and pinching or you're looking for how to cover the cost of the stroller, but you make almost half a million dollars a year. You notice that the words you use to describe your purchases are not in sync with your financial situation?

**Katie:** [00:15:10] Yes, and I know why, because we save roughly 45 to 50% of our income every year. And so, it does feel like we live paycheck to paycheck, and I don't like going into our savings account in order to pay for things that I don't feel like we need, like the Roomba.

**Ramit Sethi:** [00:15:34] How did you grow up with money? Tell me about your upbringing.

**Katie:** [00:15:38] I had a very weird upbringing with money. My dad had a lot of money. He made his money through real estate, investing in the stock market, and he married my mom, and brought my mom over from the Philippines, and I didn't see him financially taking care of my mom. He took care of us kids, and not to get into the weeds about what happened with my family, but by the time I got into college, my mom was essentially homeless and she wasn't taken care of.



And so, now, she works a minimum wage job and doesn't have any money saved for retirement. I'm very protective and very like, I'm the one that's taking care of her. And so, I saw this weird dynamic where one parent had a lot of money, and very frugal, and cheap, and then the other one, not a lot of money, and every dime that she had, it went to bringing her family and taking care of her family.

I kind of learned, it was like every man for himself type of thing. And so, that's why I feel like I'm very strategic and I try to be very smart with money, because I don't want to be in a situation where I'm—God forbid, Shawn, we get a divorce or whatever, and I'm in the same situation that my mother was, and I can't take care of myself. I have, I think, this horde mentality when it comes to money.

**Ramit Sethi:** [00:17:08] There's a lot of context behind this haunting story. We need to take a second and talk about gender issues. Of the many women I've spoken to about money psychology, about 75% of them have the same primary fear, being left by their husband in their 50s or 60s for a younger woman, being left with nothing. The visual here is a woman standing in the rain with her kids with nothing but a single bag on her back.

And after hearing this 20 or 30 times when speaking to women in heterosexual relationships, I was like, "Is there a book that I missed reading? Is this a movie scene that everybody in America saw, except for me?" Even my wife had this fear. When we were discussing our prenup, this came up and it really frustrated me, because I had no intention of ever leaving her in the rain with no money.

And my response was to get really mathematical, "Look at the spreadsheet, it's literally impossible for you to have nothing". That did not work. That's one of the reasons I started this podcast. I wish I would have known how to handle this specific fear, which so many people in so many other relationships have also encountered. Now, there are some historical reasons for this. Of the women who told me about this, many of them have a personal story or some distant relative who this actually happened to.

We should remember that in our lifetimes, many women are or were stay-at-home moms who were financially dependent on their husbands. So, there is some real context for this fear. And in Katie's case, this is actually what happened, down to the exact

example of her mom being left with no money, so Katie has every reason in the world to feel scared and nervous about money.

You can see this family history, this scarcity of money, and fear, and focus on what can go wrong, leaking out in so many things Katie says, how she doesn't buy anything unless it has an ROI, how she has a 50% savings rate. Even this entire argument about a Roomba, it's not about the Roomba, it's about a much deeper set of feelings and experiences with money.

Shawn, do you think that yours and Katie's behavior is congruent with your financial situation?

**Shawn:** [00:19:55] No, I think we can afford a Roomba. I think in the back of both our minds, and her mind more probably, is the planning for early retirement, and I think that is a forcing function for us to look at money, and I guess not painting a picture, but then just have more scrutiny in how we spend our money.

**Ramit Sethi:** [00:20:21] It is penny-pinching. It is penny-pinching to be—how many flights have you had about this Roomba? One, two, how many?

**Katie:** [00:20:32] Four or five.

**Ramit Sethi:** [00:20:33] Five flights over a 600-dollar expenditure. You realize it's a decimal rounding error for your net worth? It's a rounding error. And instead, you're so focused on this goal 20 years from now, and Katie, you, yourself, acknowledged you tend to be obsessive about money. Can I suggest that maybe early retirement for you has another reason? What does early retirement signify to you, Katie?

**Katie:** [00:21:07] Hmm, that I made it.

**Ramit Sethi:** [00:21:09] Mm-hmm. And what does that mean?

**Katie:** [00:21:10] That I am the result of my mom's sacrifices and that I can be the American dream that she wanted. And I'm sure I'm already that for her, I have a good

paying job, we make good money, but I want to be different than the situation that my mom had.

**Ramit Sethi:** [00:21:42] You are different. Your mom never had a million dollars.

**Katie:** [00:21:49] Yeah.

**Ramit Sethi:** [00:21:51] Two of you do. I mean, you, yourself, make \$100,000, Katie. That's a lot of money.

**Katie:** [00:22:00] It doesn't feel like a lot of money.

**Ramit Sethi:** [00:22:03] Exactly my point. Can I suggest to you that your feelings will not change when you go through early retirement?

**Katie:** [00:22:15] I can see that. I know that these feelings will follow me for a really long time.

**Ramit Sethi:** [00:22:25] Yeah. A lot of times, people who choose early retirement, there's something much deeper behind it. I think that early retirement to you signifies, "I have enough", you think that's possible?

**Katie:** [00:22:41] Mm-hmm. Yes, but I think for me, where I might feel like I don't have enough and Shawn has enough is that I still don't see our money or the money that we have, and the numbers that are at the bottom of my net worth or our net worth, it's not mine, it's Shawn's, because he makes more than 75% of the income.

**Ramit Sethi:** [00:23:11] Notice this moment. We're really seeing the pieces of the puzzle connect. This should be a huge aha moment to Katie, but she just did something really interesting. She skipped over the whole point. She said, "Yeah, that's possible", and then she instantly pivoted to another reason that she doesn't feel good about money. If it's not early retirement, it's seeing the money. If she sees their money, it'll be Shawn making more income. If they both make the same income, it'll be something else.

People, especially highly educated people, are very good at making logical arguments, but this isn't a math problem. You can tell this isn't a math problem, because when I point out her income, and when she realizes that, oh, it's probably not that, she unconsciously shifts the goalposts to another problem. Until Katie grapples with her money psychology, there's always going to be another reason to feel unsafe, but you can't just tell someone, "Got to master your money psychology", they're like, "Okay, Ramit, what the hell does that mean? What do I do?"

You have to get specific. You have to get actionable, tactical. You have to connect what's going on deep down and what went on in their lives with the exact problem that they're talking about today. So, Katie mentioned that she doesn't see the numbers in their relationship. Interestingly, Katie also handles a lot of the planning and administration within their relationship, and she's mentioned this is draining to her, so she'll do a bunch of homework on something to buy, and then Shawn will just agree with her, which actually frustrates her. This is the final piece of the puzzle.

**Katie:** [00:24:56] I'm exhausted about it. I would love for Shawn to take the initiative to research and investigate things that we need and kind of see how we would be able to afford those things, because if I'm doing it for all of—I have a laundry list of things that I feel like that we need and that I need to look into, and then I bring it to him, and he's like, okay, whatever, it doesn't sound like he cares.

**Ramit Sethi:** [00:25:29] And because he doesn't care, what does that mean for you?

**Katie:** [00:25:34] I mean, if I want to look down at the root cause, it's that he doesn't care about our lives and our future, that these things don't really mean that much to him, and then there's really no point that I should be doing it.

**Ramit Sethi:** [00:25:48] You two ever do the love languages test?

**Katie:** [00:25:51] Yes.

**Ramit Sethi:** [00:25:52] What are you, words of affirmation, Katie?

**Katie:** [00:25:54] Yes.

**Ramit Sethi:** [00:25:55] Yeah. And Shawn, acts of service, right?

**Katie:** [00:25:58] Yes.

**Ramit Sethi:** [00:25:59] Yeah. Alright. I mean, it's not like it's a secret, you both telegraph it from a mile away. That's totally fine. Guess what? My wife and I are exactly the same in our relationship. Exactly.

**Katie:** [00:26:09] I want to feel appreciated for the hard work that I put into everything from a stinking toaster to how we're going to retire at 50. There are varying levels of research that I go into each individual one, but ultimately, I just want to be thanked for the work that I do, do, because I appreciate that Shawn works so much and he brings so much money in, but I don't want to feel like an assistant. I want to feel like a partner and I want to feel like we're on the same page.

**Ramit Sethi:** [00:26:50] When you come to him saying, "This is what I think we should do", seems like he's answering in a way that makes sense to him. He's saying, "Okay, I trust you, you've made good judgments, sounds good to me", what would you want him to respond with?

**Katie:** [00:27:07] I would want him to ask, "Oh, what made you want to come to this decision or is there a YouTube video review that you saw?" Be a little bit more inquisitive about the things that I look into, because a lot of it, I find very interesting and it doesn't seem like there's any conversation about it. And so, I do all the hard work, and I put forth all the effort, and then he gets to reap the benefits of my hard work.

**Ramit Sethi:** [00:27:37] What do you think about that now in retrospect?

**Katie:** [00:27:40] That I need to be a lot more straightforward with him about what I want. He always says, "I'm not a mind reader". And so, I try to do better about communicating what I want and I need from him. Sometimes, it works. Sometimes, it doesn't.

**Ramit Sethi:** [00:27:55] That's awesome. That's awesome. I think this is just a great reminder to be upfront with your desires. In fact, let's go a little bit deeper. How would you like to be appreciated? What exactly do you want Shawn to say to you when you come to him with this stroller spread?

**Katie:** [00:28:11] Maybe some recognition of like, "Wow, this must have taken a lot of time to put all of this together. What features are you looking for? What's your favorite stroller? Which one did you pick, and why?"

**Ramit Sethi:** [00:28:26] Oh, my God, this is too good. You know what, we just got to do this live on the spot. Okay. Katie, I know you have some secret spreadsheets that you haven't yet presented to Shawn, but you've been hiding them in your back pocket. Okay. What is it, a stroller, a coffee maker, what is it that you've been researching lately?

**Katie:** [00:28:41] The car seat.

**Ramit Sethi:** [00:28:43] Car seat. Katie, tell him what your recommendation is, and then, Shawn, you know what she's looking for. Go ahead.

**Katie:** [00:28:51] I found a car seat that I think we should pick. It's the Nuna PIPA lite rx in the color timber.

**Shawn:** [00:29:04] Wow, that sounds great, Katie. Did you do a lot of research for this?

**Katie:** [00:29:08] Yes, I watched a lot of YouTube videos and read a lot of articles.

**Shawn:** [00:29:13] Wow, that's great. I think that's a lot more investment than I have put into this, and appreciate the suggestion, and I trust your judgment. I think this sounds great. Do you want to show me more about the features that you saw?

**Katie:** [00:29:30] Okay. I have a YouTube video that I think you would appreciate and like.

**Shawn:** [00:29:36] Great, let's look at it together.

**Ramit Sethi:** [00:29:39] Okay.

**Katie:** [00:29:39] Okay.

**Ramit Sethi:** [00:29:40] How did that feel?

**Katie:** [00:29:41] Really awkward.

**Ramit Sethi:** [00:29:43] Yeah, it's a little contrived, I get it, but did you notice anything that happened differently in that scenario than how it would normally happen? What was it, Katie?

**Katie:** [00:29:54] He talked a lot more.

**Ramit Sethi:** [00:29:55] Wow. Shawn, you said like 10 words in that, that's more? Alright. We got a terse guy over here, but don't worry, I'm going to work with that. So, what? Normally, Katie, what would have happened?

**Katie:** [00:30:09] He would have said, "Okay".

**Ramit Sethi:** [00:30:12] That's not even a full word. It's two letters, O-K. But, Shawn, all jokes aside, why would you have only said okay in the past?

**Shawn:** [00:30:25] I trust her judgment generally, so, yeah, she comes and says, "Actually, we need this. This is what we can afford and this is the best option for us", I agree with her and I think it's more efficient.

**Ramit Sethi:** [00:30:45] Okay. I have to cut in here. Attention, all tech bros, also anyone in the fire community, basically any man, fucking listen to this part. A lot of you dorks are obsessed with efficiency, you love logic, show me the compound interest, and you wonder why it doesn't get the kind of responses you want. Here, Shawn is calmly explaining that he would normally listen to Katie present two months of work, 13 spreadsheets, 14 ROI comparisons, all rolling up to a single recommendation for a car seat, and his normal response would be, "Okay". I love that when I asked him why, he

goes, "I trust her judgment, I agree with her". To him, he's being totally logical. His response makes total sense.

But it's not working. Katie is so frustrated, she asked to talk to me on a three-hour podcast. Guys, you got to realize that efficiency is not always the best play to make. Yes, there's a time and a place for it, but if that's the only note you know how to play, especially with your romantic partner, then it can invisibly chip away at the bond in your relationship. My favorite part of this rant is that I'm screaming at all of you efficiency dorks, but deep down, I'm built the same way. I love this stuff, I love logic. I told my wife about our financial model, how cool it is, I love it, but there's a fine line between being helpful and being destructive. Okay. Back to Shawn.

**Shawn:** [00:32:30] And then, that she does do a lot of the research already, and in my mind, she may have wanted me to go and do more research, and for me, I don't feel that duplicate work would have been a good use of both of our times. But now, it seems like that wasn't what she wanted.

**Ramit Sethi:** [00:32:47] Yeah. Shawn, when you give your wife a hug, or your parents, or your soon-to-be child, sometimes, it's not about how efficient the hug is, right? There are other issues at play. And listen, just like you, you like convenience, I like convenience. You like efficiency, I love efficiency. I'm always thinking about this stuff. But I also know that, sometimes, we have to play a totally different game, right?

So, when we're talking to a loved one, a lot of times, it's like, okay, we can get through this quick, let's just jump to the meat. But sometimes, we have to soften it up, we have to ask a lot of questions, and it turns out that, actually, it's not about efficiency, but it's about effective communication. And I appreciate, Shawn, you recognizing that. Katie, I appreciate you being really open about what you need. You told him exactly what you want him to say. Now, he knows. He didn't know this before, so that's pretty cool.

When I was speaking to my wife, back then, my fiancée, about a prenup, we went through this long set of discussions about a prenup. At first, it was pretty easy, then it got really hard. And I have to tell you something that really, really drove me crazy, and that was this scarcity idea that, somehow, a number of women receive, but men never hear it, and that is that one day, when I'm an old lady, I might be kicked out on the street



in the rain, having to take care of my children with one umbrella and a backpack, and that's it. Katie, did you ever receive that message?

**Katie:** [00:34:37] Yeah, because my dad did exactly that.

**Ramit Sethi:** [00:34:40] Yeah. And so, what are the consequences of that? How do you think that has affected your views on finance?

**Katie:** [00:34:48] I plan our lives around not just taking care of us, but then taking care of myself, too.

**Ramit Sethi:** [00:34:59] You plan for the worst.

**Katie:** [00:35:02] Mm-hmm. I think I save too much.

**Ramit Sethi:** [00:35:04] Mm-hmm. You probably do. Early retirement people typically do. Let me guess. Do you have a secret number where if something goes wrong, you know exactly how much you can walk out of this relationship with?

**Katie:** [00:35:20] Yes.

**Ramit Sethi:** [00:35:20] Mm-hmm. Ah, okay, what else do you do to plan for the worst?

**Katie:** [00:35:27] I sacrifice some of the things that I want in order to save and invest.

**Ramit Sethi:** [00:35:32] Like what?

**Katie:** [00:35:34] For example, a few years ago, I wanted to buy this Craft Armoire thing, and it's like \$4,000, and it has all the bells and whistles, and it's like an organizational dream, and I saved all the money for me to buy it for myself, but instead of buying it, I ended up investing it, and I did a backdoor Roth contribution.

**Ramit Sethi:** [00:36:02] Oh, my God. I know you thought that I was going to get on this call, and clap, and applaud that you did a backdoor IRA, that's so good. I mean, what? Do you want to turn 65 and you never got the Armoire thing?

**Katie:** [00:36:17] I don't think I would remember the Armoire.

**Ramit Sethi:** [00:36:20] So, what? It's not about that single purchase. It's about saying, "We work hard together, we save and invest a lot of money, but we're not going to put our lives on pause for 20 years so that we finally feel safe, because if we do that, we're actually not going to feel safe at all, we're not going to have the skills to spend our money, because we will be obsessed with saving more". Katie, how much money are you going to have at early retirement? I know you know this number offhand, how much?

**Katie:** [00:37:09] From my calculations, at the age of 50, about 12-and-a-half million dollars.

**Ramit Sethi:** [00:37:18] Mm-hmm. Is that enough to feel safe?

**Katie:** [00:37:22] Yes.

**Ramit Sethi:** [00:37:23] No, you wouldn't. If you don't feel comfortable at \$500,000 a year and 1.2 million dollars of net worth, you're not going to feel comfortable at five, you're not going to feel comfortable at 10, you're not going to feel comfortable at 20. Twenty million dollars and you're still going to be making Excel spreadsheets and comparing features.

**Katie:** [00:37:48] Shawn, what do you think the consequences are?

**Shawn:** [00:37:53] I think we would argue more and I don't think we'll live as comfortably as we could.

**Ramit Sethi:** [00:38:04] That's it? It doesn't sound so bad. "Oh, we won't live as comfortably as we could, boo-hoo." That's it? Shawn, it's got to be frustrating, man. You're making \$360,000 a year, you actually have about \$2 million of net worth now that I add in the real estate holdings, and your partner here is questioning you on a 600-dollar Roomba. It's got to be frustrating for you.

**Shawn:** [00:38:36] When we met, I made less, and over the years, I've continued doing more, and the more I work, the harder I work, the more I make. It doesn't seem like we're really progressing and—well, to be fair, we purchased a new home, but it doesn't feel like we've increased our standard of living proportionately. And so, sometimes, it makes me question why I work so hard and it makes me a little bit discouraged of all the time and effort I put to like try to finance our future and our lives.

**Ramit Sethi:** [00:39:12] Do you ever tell Katie that?

**Shawn:** [00:39:16] I don't think I told her that, no.

**Ramit Sethi:** [00:39:20] Tell her right now, see what she says.

**Shawn:** [00:39:24] Katie, you know I work really hard, and I try to advance our careers, my career and also yours, and it feels like the way that we go about our purchasing habits doesn't make me feel like I should continue to try so hard. It's very discouraging.

**Katie:** [00:39:52] I hear you. I do encourage you to spend your money. And for example-

**Ramit Sethi:** [00:40:02] Katie, hold on. Do you notice how you're responding already?

**Katie:** [00:40:08] Yes, I feel like we both tend to pick holes in each other's thought processes.

**Ramit Sethi:** [00:40:17] Exactly. You're responding defensively and you're about to say, "Well, actually, I do, and for example, here's a long example proving that I'm right". I don't think that's what Shawn is going for. In fact, Shawn is opening up for maybe the first time on this. Can you repeat that, Katie, what you heard Shawn say to you?

**Katie:** [00:40:36] That he works hard and that he doesn't reap any of the benefits from his hard work, is what I hear.

**Ramit Sethi:** [00:40:42] And how does he feel about that?

**Katie:** [00:40:44] Discouraged.

**Ramit Sethi:** [00:40:45] Okay. So, keep going, really respond to him, think about how you asked him to respond to you, try to keep that in mind when you respond to him.

**Katie:** [00:40:59] Shawn, I hear you, and I understand that you do work very hard, and I appreciate the hard work that you put into our relationship and all the sacrifices you make. I see the long hours, I see the things that you miss, and I want you to be able to enjoy your money and enjoy all the hard work that you have contributed in your career. And I don't want you to feel discouraged about everything that you do, because you do, do a lot for not only us, but also for our financial future, and I appreciate it, because without you and everything that you've done, we would not be in the position we are, we wouldn't have the opportunities that we do have.

**Shawn:** [00:41:58] Thank you, Katie. That really means a lot. I think—sorry, it's hard. I know that you do appreciate me and I do know that you care, but you expressing the way you feel about what I do openly like right now, that really kind of makes it more concrete to me.

**Ramit Sethi:** [00:42:21] Okay. That was cool. I really enjoyed watching that between the two of you. I want to point out a couple of things that I noticed in watching that. Would that be okay?

**Katie:** [00:42:31] Mm-hmm.

**Ramit Sethi:** [00:42:32] A couple of observations I can make. So, first off, Shawn, you started off by saying something about, "I noticed that our standard of living hasn't really increased", end sentence. Okay. Did you catch that? You just ended the sentence. And then, I said to you, what does that mean to you? How does it make you feel? And I could see you visually kind of, uh-oh, I need to talk about feelings, but you did an awesome job. You really were in touch with your feelings, "It makes me feel discouraged". And when you said that, I don't think you saw Katie, you were so in your own mind. I think when you talk about emotions, it takes up all of your cognition. But Katie looked alarmed, like shocked, like she's never heard you say that in your entire life. Katie, am I reading that right?

**Katie:** [00:43:26] Yeah, exactly.

**Ramit Sethi:** [00:43:29] Yeah. And so, Shawn, what I want to point out is that I get your communication style. I get it. I like efficiency, too. I didn't really like to talk about my feelings. I'm still not naturally, I'm not going to sit here and talk about how do I feel today, I'd rather talk about like compound interest, or let's go travel, or whatever. But, Shawn, do you see, she really has a lot of feelings about money? Like the majority of her money attitudes and behaviors are drawn from this traumatic experience that she grew up watching. By you not talking about your feelings, what do you think you're causing her to do?

**Shawn:** [00:44:16] To guess what I'm feeling.

**Ramit Sethi:** [00:44:19] Yeah. And when she guesses, and comes to you and asks you a question, and then you go, okay, what does that cause her to do?

**Shawn:** [00:44:27] It probably makes it seem like I don't care.

**Ramit Sethi:** [00:44:28] Yeah. Think about how many Excel spreadsheets and how much she's calculating the prices of X, Y, and Z, which you should not be calculating at this level of wealth, what is that? Why is she doing that?

**Shawn:** [00:44:49] Well, I think—yeah, why do you do that?

**Katie:** [00:44:54] Why do I calculate everything down to the penny?

**Shawn:** [00:44:57] Yeah.

**Katie:** [00:45:00] Because it gives me a sense of control over the situation. And I can't control your emotions, I can't control how much you work, I can't control how you feel about the situation, but I know I can control the dollar amount in my spreadsheet.

**Ramit Sethi:** [00:45:23] Control. Here's what might be going through Katie's mind, "My dad left my mom, I don't feel safe about money, but at least I can create 200

spreadsheets and calculate 30 different scenarios for our finances". And when Katie shows Shawn her calculations, and he looks at them, and shrugs, and says okay, that doesn't get the response that Katie is looking for.

What Shawn doesn't realize, in fact, what Katie doesn't even realize is that all this planning, and spreadsheet creation, and counting pennies is about something much deeper than the car seat. It's about taking back control, because she's afraid of what can go wrong. And even though she makes good money, and together, they make great money, she still has a very valid lifetime of reasons to be fearful.

More control makes you feel?

**Katie:** [00:46:25] Safe.

**Ramit Sethi:** [00:46:26] Yeah. Do you see this cycle, Shawn? You don't talk about your emotions, whatsoever, right? She then says, "Well, you know what, in order to feel control, I'm going to go and create an even better spreadsheet and I'm going to compare 10 different things". And then, she comes to you again, and you go, "Yeah, sounds fine". And then, she goes, "I'm not getting anything from him, he's not contributing, he's not involved, he's not even asking me to watch the YouTube video. Deep down, I don't feel safe. I don't feel like we have a bond here. He's just saying okay, he doesn't really care. If he cared, he would", what, Katie?

**Katie:** [00:47:11] He would appreciate and see the value that I bring to the table when I do these things.

**Ramit Sethi:** [00:47:18] Yeah, and how would he express that?

**Katie:** [00:47:22] By sounding invested in what I'm doing.

**Ramit Sethi:** [00:47:26] Yeah. So, he would say, "Oh, my God. Show me how you found that. That looks amazing." Shawn, you ever responded to one of her Excel spreadsheet, things like that?

**Shawn:** [00:47:37] I don't show that much emotion.

**Ramit Sethi:** [00:47:39] Exactly. And so, that causes her to feel even less safe. And so, she engages in these behaviors that are totally incongruent with your collective level of wealth. It's not like it's coming out of nowhere. She grew up watching this happen to her family, but, Shawn, the way she's perceiving your relationship, it's happening again. Okay. Notwithstanding the amount you have in your bank account, it actually doesn't matter. Honestly, you guys could have doubled the amount of money, you would be having exactly the same conversation today.

**Katie:** [00:48:17] And I think that that's all true and you helped us state it in so many more words than what we've been able to do by ourselves. I am happy that, at least, we've identified what it is. I don't know if I'll be able to break the cycle, but at least he understands where I'm coming from.

**Ramit Sethi:** [00:48:48] How much do you think you need to retire at any age?

**Katie:** [00:48:52] I don't know, give million.

**Ramit Sethi:** [00:48:56] Okay. So, you could do nothing and you'll have five million, you could save zero dollars and you'll have five million dollars, because it's compounding. You have 1.2 million dollars in the market, that's growing every year. So, if we run the calculations, that money compounded over 20 years turns into 4.6 million dollars, literally by adding zero. You're all retired, you just need a little time.

**Shawn:** [00:49:37] Time to quit my job. I was kidding.

**Katie:** [00:49:38] No, no, no, don't do that.

**Shawn:** [00:49:39] I'm kidding.

**Ramit Sethi:** [00:49:42] So, what does that tell you? I just hate for you to both be playing defense for the rest of your lives. You two came from your family history, you won the game, the game of careers, of money, you have a happy relationship, you have a baby on the way. I'm really happy for you and I admire what you've accomplished. I hear you playing defense. What can go wrong? What will go wrong? How long until we

can retire early?

What I would love to do is shift that to playing offense. I would like to introduce you to the concept of a worry-free number. A worry-free number is, "Below this number, we're just not going to worry about it. We may not even need to talk to each other about it. Let's just set a few simple rules in this relationship so we can eliminate most of the sources of our conflict." So, for example, Katie, if you go to the store and you want to buy a pack of gum, are you going to call Shawn and ask his permission for that?

**Katie:** [00:50:50] No.

**Ramit Sethi:** [00:50:50] No, it's a worry-free number, one or two bucks, no big deal. What should your worry-free number be in your relationship?

**Katie:** [00:51:00] I don't know, \$300. Shawn?

**Shawn:** [00:51:07] Five hundred.

**Ramit Sethi:** [00:51:08] Whoa.

**Katie:** [00:51:11] Why is it 500?

**Shawn:** [00:51:13] It's closer towards the Roomba. I think I don't have a concern if you are wanting to buy something under \$500, you probably make the right decision, because you're safe, we're safe, we can afford it. And I know that you'll never get to a point where you're going to spend more than we can afford and I want you to feel like you can enjoy the money we have.

**Katie:** [00:51:48] Okay. Thank you.

**Ramit Sethi:** [00:51:50] Shawn, that was one of the best answers I've ever heard. I could not have said that better myself. I love what you just did there. Totally expressive, totally visionary. "I want you to spend on the things you love, you're safe". That was incredible. Katie, what do you take away from that?



**Katie:** [00:52:10] That he heard me and that he understands how I feel about the feelings that I have around money, and not just my feelings, but when he repeats it back to me, it sounds like he understands.

**Ramit Sethi:** [00:52:31] Yeah. That was awesome. So, I'm excited for the two of you. You came in here with questions about a 600-dollar Roomba, and do you now see that your rich life is so much bigger than a Roomba?

**Shawn:** [00:52:53] Yeah.

**Ramit Sethi:** [00:52:53] It's literally two million times bigger than a Roomba. And so, by focusing in this tiny little area over here, you're actually limiting yourself from the possibilities of a rich life, and I do mean rich. I think it would be a tragedy to go the rest of your life debating and agonizing over, I say three-dollar questions, in your case, 600-dollar question is a three-dollar question.

And so, what I would dream for you, what I wish for you would be for you to acknowledge, "We did it, we won. Now, what do we get to do with our lives? Where do we want to go? Who do we want to see? How do we make it easy for ourselves, make it comfortable for us? How do we be insanely generous because we've accumulated incredible wealth? And you know what, how do we buy some stuff we just want?" If we do that, we live a truly rich life.

At the beginning of this episode, I challenged you to treat it like a crystal ball, to listen carefully to a couple that's earned a lot of money, and realize that they still have problems and tension around their finances and their communication. Now, you may never earn \$460,000 a year. That's not the point. The point is that it's a fallacy to believe that one fine day, when you earn more money, all your problems and stresses are going to disappear.

Therefore, it means that, first, you should be working on investing, and saving, and earning more. You should probably be using our programs at [iwt.com/products](http://iwt.com/products). You should also be working on your money psychology. That can mean setting up an hourly meeting where you and your partner talk about money. It can mean coming up with your rich life vision, putting money aside for it, and time, and attention. It can mean

monitoring the information that you're consuming.

Even the people around you, are they saying things like, "Must be nice", or are they saying, "Wow, that sounds amazing, that's so inspirational that the two of you are doing that together"? All of these things roll up together to creating your rich life, and helping you plan it, visualize it, and live it. I want to thank Katie and Shawn for being so open in sharing their stories with us and I look forward to seeing you on the next episode.

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. If you haven't read I Will Teach You To Be Rich, my book, pick up a copy. You can get it at any bookstore or any library, and it will show you the specific tactics for how to build the I Will Teach You To Be Rich system into your personal finances.