

Becca: [00:00:03] When it comes to money, I like to save and have a plan for the future, which doesn't include a lot of debt. That's just not how I operate.

Brad: [00:00:14] Becca actually said, "If we don't get this fixed, this could have some long-term repercussions", and that's scary to hear. Probably been together over half of our lives and to hear that for the first time shook me to my core a little bit.

Becca: [00:00:28] That's what started our one-and-a-half, two-hour conversation, is I was like, "I want to live. I'm tired of not living. I want to go and do things, and I think we could go and do things, but I also want to enjoy them while I'm doing them. I don't want to, should I order a glass of champagne or am I going to regret that later, because he's going to ask me why I ordered a glass of champagne?"

Ramit Sethi: [00:00:49] Auto loan, 35,000, what kind of car do you have? Please don't tell me it's a Ford truck.

Brad: [00:00:55] It is a truck, but it's not Ford.

Ramit Sethi: [00:00:57] Fuck. I knew it. How much did this truck cost?

Brad: [00:00:59] 50,000.

Ramit Sethi: [00:01:01] \$50,000?

Brad: [00:01:02] Mm-hmm.

Ramit Sethi: [00:01:03] You cannot afford a 50,000-dollar car when you make \$115,000.

I got some great feedback from you that you wanted to hear more couples on my podcast with different incomes and different net worths, not just millionaires who aren't sure how to spend their money, and we listened. Today, I'm talking to Brad and Becca. They've been married for eight years and they have three children. Brad and Becca are in debt. They have a 290,000-dollar mortgage, a 35,000-dollar car loan, a 25,000-dollar RV loan, and around 10,000 bucks in credit card debt.

Brad is the primary earner, and Becca works part-time. Together, they make \$105,000, but Brad feels overwhelmed with their financial situation. His wife, Becca, has noticed how Brad behaves around money. He'll feel anxiety one day, and the next day, he'll convince himself it's all fine, and he'll go out and make a major purchase, often putting it on credit cards. In today's episode, you're going to hear me speak to someone who can't afford his lifestyle, and this is a different type of conversation than you normally hear from me, but I believe it's important. I'm Ramit Sethi, and this is I Will Teach You To Be Rich.

Brad: [00:02:32] Becca and I had a discussion actually just standing up in the kitchen for probably an hour-and-a-half, two hours about my feelings around money and how it affects our relationship. It usually comes up every few months. Typically, it's the same discussion, ends the same way where I'm going to try to work on my feelings around money, but this was the first time where Becca actually said, "If we don't get this fixed, this could have some long-term repercussions", and that's scary to hear.

We have a long relationship. We've been married for almost eight years. We dated a long time before that, so probably been together over half of our lives, and to hear that for the first time shook me to my core a little bit. So, we've always talked about it, but it's probably been the last in the last couple of years where we've noticed my emotions around money, and how it affects Becca, and how it can spill into other areas of my life.

Ramit Sethi: [00:03:31] What do you think changed two years ago for you to start really talking about money more seriously, more negatively?

Brad: [00:03:40] Having kids. We have three kids and they're all young. And once they got older to where we could start doing things with them, I started looking at things that I wanted to do, that we wanted to do with the kids, travel in particular. Take them places, Disney World, Grand Canyon, Europe. And that's when I started trying to really address what we need to do to get to that point, and I think that's when I started seeing more of how I struggle with money emotionally, mentally, that type of thing.

Becca: [00:04:19] I won't say that he mismanages, but he manages, manages, manages, and he feels good, feels good, he feels good, and then he panics, and he

goes off the rails, and he's constantly, "We don't have it for that. We can't do that. We can't do this." But then, a couple of days later, it's like he's back on the horse again and he's ready to just live life. And so, it's a roller coaster, which is a little bit hard to keep up with, and you never know when you're spending money and it's going to become an issue.

Brad: [00:04:46] And I just need help dealing with the internal feelings that I have, because I know that it does bleed over. If I have a day where I'm stressed about money, no matter how hard I try, there's just something about my aura or the demeanor when I walk into the door that's, "Oh, he's probably worried about money", and it's not good. And I hate that. I like to leave work at the door and I wish I could leave this at the door to enjoy the limited time that I do have with our kids.

Becca: [00:05:17] He just goes really far into the, we can't, we don't, and the negative side of it. But then, he's like, "I want to get a new TV", and then we end up with a new television. But last month, we didn't have the money for that new television, so where did it come from? And he's reframed it for himself.

Ramit Sethi: [00:05:34] And what is the effect of this on you?

Becca: [00:05:36] Oftentimes, I find myself making decisions on how I spend money based off of his emotion, as opposed to, do I really want it or do I really want to do it? It's, how is Brad going to respond? And then, I end up not doing it or not buying it.

Ramit Sethi: [00:05:49] Okay. Brad, what do you think about Becca's characterization? Is that true?

Brad: [00:05:55] Yeah, absolutely. I know for a fact that how I feel around money and how it can affect me absolutely prevents Becca from doing the things that she wants to do, living her rich life.

Ramit Sethi: [00:06:09] I understand that you wanted to buy a shed. First of all, what is a shed? I have to ask. Listen, I lived in a high rise in Manhattan. I just want to make sure I know what we're even talking about here. A shed, like where you put your tools in the backyard, is that what we're talking about?

Brad: [00:06:27] Yeah, tools, toys.

Ramit Sethi: [00:06:30] You put toys in the shed?

Brad: [00:06:31] Yes.

Ramit Sethi: [00:06:33] How many toys do you have?

Brad: [00:06:34] Well, we have three kids. And even with the shed, probably half of the garage, because we have a garage that's filled with toys.

Ramit Sethi: [00:06:43] Wait, wait, wait, wait. Okay. We're going to get back to the shed, and I know I'm going to hear from about 100,000 people who live in places where people have sheds making fun of me for not knowing what a shed is, I accept your criticism. You have so many toys for three young kids that it takes up half your garage and part of the shed. Did I hear that right?

Brad: [00:07:06] You did, yes.

Becca: [00:07:07] Yeah, but I'm sure it sounds worse than it is. I mean, you're talking like a Power Wheels, like the cars that little kids can drive. They are four and six.

Ramit Sethi: [00:07:17] Okay. Listen. If you're going to write me to make fun of me for not knowing exactly what a shed is, screw it, I deserve it. But more importantly, what I was trying to do there was to get a sense for why he wants a shed. I have a hunch from talking to lots of people who struggle with money, a lot of people who overspend also have a huge amount of stuff.

You walk into their house, and they have candles, they have piles of paper, they have three video game systems. It's just stuff everywhere. You rarely see that in households with much higher incomes. I was trying to find out if my suspicion was correct. Based on their answers, though, I can't say if my guess was right or wrong, but I'm making a mental note and I'm going to keep looking for clues.

Ramit Sethi: [00:08:09] So, you've got your garage, you've got your car, you decided you wanted a shed, and what was the conversation like? Did you say, we're going to Home Depot, we're going to buy one, or we're going to build one? Like how did this conversation start?

Brad: [00:08:22] So, we have been having the conversation for years about, "We need a shed, we need a shed". And then, two years ago, we decided to just go ahead and do it, but we waited for a Lowe's promotional period. We have a Lowe's card from years ago, and so we bought the lumber and everything we need to build the shed. I like to build things. My dad built things, so we stick-built it, we didn't buy a pre-made one, because they're cheap.

Ramit Sethi: [00:09:01] How much does this lumber cost?

Brad: [00:09:04] So, when everything is said and done, we'll be in it for 2,500. So, we didn't save up for it, we financed it like we discussed. And so, ever since I can remember having a job, I've always had a credit card. The last time I can remember ever saving for anything was when I was a kid and my parents told me if I wanted a TV, I needed to save for it, but once I was introduced to credit cards and found out I could get something now immediately and pay it off over time, that's been my go-to.

But then, when we have credit card debt that we already have to pay for, throw this on top, where, yeah, you can pay \$30 a month, but at the end of the promotional period, you've got to make some larger payments or you're going to be paying the interest, and then throw other promotional cards on top of that, suddenly, you're having to make significant credit card payments every month just so you pay it off in time. And that's where my anxiety kicks in, is that we can barely afford to buy the groceries that we need, put gas in the car, because we've got these credit card bills that we need to pay.

Ramit Sethi: [00:10:26] Ding, ding, ding. This is the second clue that tells you Brad is unsophisticated with money. The clue is Brad telling us that he puts purchases on his credit card instead of paying them in full. He even mentions using a 0% promotional period. This is a classic tell for people who are unsophisticated with money. Now, yeah, some people are very sophisticated, they can pay it all off, and they intentionally take the 0% promotional period for 12 months, and then they pay it off.

Why? Because they can make more money in the market, blah, blah, blah. But that's not how it's typically used. Typically, it's unsophisticated people who cannot afford what they're buying, and so they take these promotional periods and they think they're beating the system, but really, they're just gambling that they can figure out a way to pay off their credit card before the interest kicks in. It's a gimmick and they fell for it.

You want something, and then you don't get it for a long time, you think about it, ruminate about it, finally get it, and then you start to feel bad afterwards?

Brad: [00:11:36] I think so, yeah. When I first got a job after college, I couldn't decide on a floor mat for inside the door, because I just was overwhelmed, didn't want to make the wrong decision.

Ramit Sethi: [00:11:50] So, you're at the store, you're looking at the floor mat aisle at Target or wherever, you see like 30 different floor mats, what goes through your head at that moment?

Brad: [00:12:00] I just couldn't make a decision. And I think as silly as it seems, I was worried I'd make the wrong decision.

Ramit Sethi: [00:12:07] Why?

Brad: [00:12:07] It wasn't 30, it was two. It was, do you like this one or this one?

Ramit Sethi: [00:12:10] Why were you worried about making the wrong decision? What does wrong mean to you?

Brad: [00:12:15] That I didn't choose the optimum, I didn't pick the best.

Ramit Sethi: [00:12:20] If you had made a better decision, that would have meant what?

Brad: [00:12:24] That I didn't make a mistake.

Ramit Sethi: [00:12:27] And what kind of person makes a mistake?

Brad: [00:12:31] Unintelligent.

Ramit Sethi: [00:12:34] Now, when I say Brad is unsophisticated with money, I'm not judging him, I'm being descriptive, not prescriptive. Brad isn't sophisticated with money. That's fine. We all start somewhere. I'm not sophisticated with cooking French food. Okay. No judgment. It just is what it is. But what's strange is that until recently, Becca had been handling their finances. In fact, later in our conversation, it turns out that she works part-time as a bookkeeper. In other words, she is sophisticated with money, and she was doing a pretty good job, but at a certain point, she handed that job over to Brad, and then things got worse.

Ramit Sethi: [00:13:16] I'm confused, Becca, because you were doing this, you understood it, you were handling it, and then you hand it over the budget to him. How come?

Becca: [00:13:24] Because of the emotional—it was causing arguments by him not being as involved, which the better thing, hindsight, is just get him involved and show him, but it just was leading to arguments. Every time we talked about money, it was leading to arguments, so I said, "Fine, then you do the budget and you'll see that it's going okay". He didn't understand, his brain works different.

Ramit Sethi: [00:13:48] Okay. So, your response is like, I'm tired of fighting, you do it. You basically shoved it over to him, and let me guess, you didn't get the reaction you thought, you didn't get the outcome you wanted.

Becca: [00:14:00] No, I did not. He didn't really take it. He just-

Ramit Sethi: [00:14:04] Yeah, what a surprise.

Becca: [00:14:05] Yeah, he still used that checking account as the gauge of our success, and I'm like, "But look, tomorrow, if something came out early, it's okay, that's why we have a buffer in the checking account, that's why we have savings, and investments, and things like that".

Ramit Sethi: [00:14:18] Yeah. Again, this stuff is not that complicated, but there has to be a foundation, and just shoving a spreadsheet at someone, it doesn't work, as you learned.

Becca: [00:14:28] It doesn't work. So, by him checking all the time in the wrong place, I was like, "I don't know what to tell you, the money's coming, it's there, it's not in the checking account right now, because that's not how I set it up. A checking account isn't a savings account, so money goes from there. It's not meant to have thousands and thousands of dollars in it. It's meant to have what you're paying for."

Ramit Sethi: [00:14:28] I get it.

Becca: [00:14:53] So, when he was using that as his gauge, I'm like, "I don't know what to tell you".

Ramit Sethi: [00:14:57] I get it. It's driving me insane to even imagine these conversations. If it were me, I have all these flows and stuff, and if somebody was pinging me every four days, saying like, "Why isn't this here?" I'm like, "Do you understand how sophisticated my flows are? Look at the model that I built. It's all there." Of course, that's not very productive. I get it. So, Brad, do you understand the concept, like if—well, you have kids. So, let's say that your baby isn't crawling at six months exactly, and I came up to you and I go, "When is she going to crawl? When is she going to crawl? It's six months. It's six months in one day", how do you think you would feel if I did that every four days?

Brad: [00:15:40] It would get annoying. We've experienced that, actually. We have a niece who's very close in age by only a few days off from one of our kids, and we were always getting that comparison sometimes.

Ramit Sethi: [00:15:55] Yeah, it's annoying, and it makes you defensive. And also, what does it matter if it's six months in one day or seven months? Eventually, baby's going to crawl. So, Brad, you got this spreadsheet from Becca, and let me take a wild guess at how many times you opened that spreadsheet after she sent it to you, is the number zero?

Becca: [00:16:14] Without looking at the one that I sent, he created his own.

Ramit Sethi: [00:16:19] Okay. That's interesting. And Brad, how come you did that? What was your thinking behind that?

Brad: [00:16:26] In case I would think of something that she didn't. Ultimately, I compared the two, but I thought that I was more likely to think of something if I had nothing to go off. If I look at one that's been put together, I felt that there was a better chance that I would overlook something that maybe Becca overlooked, too.

Ramit Sethi: [00:16:45] Like you can't trust somebody to mow your lawn and you can't trust your wife to build a spreadsheet. Any similarities?

Brad: [00:16:54] It sounds like there is, but I trust my wife more than anybody in the world.

Ramit Sethi: [00:17:00] I know you trust her. Obviously, you trust her. She's your wife and she's mom of the children, but did you see what her face looked like when you were talking about how you built your own model?

Brad: [00:17:15] No, I didn't.

Ramit Sethi: [00:17:16] Okay. Becca, you want to tell him?

Becca: [00:17:19] It was a look of, "I'm sure you did build your own model". It kind of undermines. It's undermining and it doesn't make you feel good that, "Okay, well, I've been using this for months to keep a gauge on our finances, and then you can't even look at it, and you've got to build your own, so it just makes you feel like you don't trust me".

Ramit Sethi: [00:17:50] What do you see, Brad?

Brad: [00:17:57] Yeah. I see probably other areas that I may do that, where she may have a way of doing things, and rather than implement her way, I just do it on my own, start from scratch.

Ramit Sethi: [00:18:14] And what percentage of the way do you get when you implement it on your own?

Brad: [00:18:19] 80%, maybe.

Ramit Sethi: [00:18:22] Anybody else in your life that got 80% of the way there?

Brad: [00:18:27] My dad.

Ramit Sethi: [00:18:30] Mm-hmm. And then, it becomes one more item on your to-do list. How many credit cards do you have?

Brad: [00:18:35] Probably around 10.

Ramit Sethi: [00:18:37] That's yet another clue of how Brad and Becca, like so many of us, are not particularly sophisticated with money. Brad doesn't review his spending regularly. Together, they have a ton of credit cards. In fact, I bet I know what kind of cards they have.

Becca: [00:18:54] There's not that many with balances on there, but he's also including store cards.

Ramit Sethi: [00:18:59] Yeah, never get a store card. Remember what I said in my book? Don't ever get a store card. Let me guess. What do you have, a Gap or an Old Navy card as well? Which one?

Becca: [00:19:08] That was me, but we haven't used that in-

Ramit Sethi: [00:19:10] I knew it. Everybody who has bad financial situations has a Gap or an Old Navy card. What else? Just tell me right now. Hold on, hold. I'm just going to guess. You have a gas credit card.

Brad: [00:19:22] No, I don't.

Ramit Sethi: [00:19:24] No. Okay. I stand corrected. And Amazon?

Brad: [00:19:27] We do have an Amazon card.

Ramit Sethi: [00:19:29] Oh, my God. That one's okay. What else?

Becca: [00:19:30] It's paid off monthly. It's paid off monthly. It's just revolving.

Ramit Sethi: [00:19:33] What else? What's the one you don't want to tell me about?

Brad: [00:19:36] Best Buy.

Ramit Sethi: [00:19:37] Oh, my God. What, did you save \$13 on some purchase like 10 years ago?

Brad: [00:19:43] Well, I used to work there.

Ramit Sethi: [00:19:45] That doesn't mean you have to get their credit card, but okay, what else do you have?

Brad: [00:19:49] Lowe's.

Ramit Sethi: [00:19:49] Yeah.

Brad: [00:19:51] And then, I've had an American Express. That was the first credit card I've ever had. And I still have that. It's a Hilton card. I used to travel a lot for work, and I was able to charge to that and earn the points.

Ramit Sethi: [00:20:05] How many points you still have now?

Brad: [00:20:07] We still have about—we just used them. I think we have about 150,000, but it was up to a million at one point.

Ramit Sethi: [00:20:14] Yeah. Well, that Hilton card is going bye-bye as well. Alright. So, you have a bunch of cards that you don't need to have. A lot of these cards aren't even that good of cards. So, we're going to X those real quick. But what else do we need to do, because you're papering over the real issues here? Yeah, we'll get the credit card debt taken care of, you'll close these horrible cards, but what's going to happen two months from now when we're not talking, and you're sitting there saying, "Oh, my God, I need to repair the fence and it's going to cost me six grand", and on, and on, and on? What do you think is going to happen?

Brad: [00:20:47] Put it on a card again.

Ramit Sethi: [00:20:48] Yeah, and why? It's not just the fact that you have credit cards, you're going to have credit cards. What is it?

Brad: [00:20:55] I get it now, I don't have to wait for it.

Becca: [00:20:59] Immediate gratification.

Brad: [00:21:01] What is the benefit of waiting for something to pay for it in full when you can get it now and pay the same amount in the end? Now, I know the answer.

Ramit Sethi: [00:21:14] What is it?

Brad: [00:21:15] Not having the anxiety. If we saved up the cash and we paid for the shed in cash, I wouldn't have that guilt or the anxiety around paying it off years later.

Ramit Sethi: [00:21:27] But, is there a but here?

Brad: [00:21:29] I don't think there's a but there.

Ramit Sethi: [00:21:31] Then, why didn't you do it?

Brad: [00:21:33] Because we didn't have the money.

Ramit Sethi: [00:21:35] That's why you save up for it.

Brad: [00:21:36] We weren't saving.

Ramit Sethi: [00:21:38] Yes, bingo.

Brad: [00:21:40] I think I feel like that I was held to a pretty high standard. I'm the oldest and I didn't want to disappoint anyone.

Ramit Sethi: [00:21:49] How many kids in your family?

Brad: [00:21:51] I'm one of three.

Ramit Sethi: [00:21:52] Okay. So, when you say held to a higher standard, tell me about that.

Brad: [00:21:56] I think that, and it was probably just something that I projected that just because I was the oldest and had the most years compared to my siblings, that I was just expected to be better. I don't think that was intentional. My parents were great parents, so it's not something that they did, but I just felt like that if I screwed up, it was a big deal. Both of my brothers got their first TV given to them, didn't have to work for it. That was one of the first things, probably the last thing that I think I ever saved up for, because it was, "If you want this, you need to save up for it".

Ramit Sethi: [00:22:38] The uncomfortable truth is that for millions and millions of people, they simply do not plan for anything financial, whatsoever. They simply don't save. If they see something they want, they buy it, and then they deal with it later. And you'll see this impulsivity in other parts of their lives as well. If they invest, which many of them don't, they'll impulsively buy hot stocks.

And in the instant it goes down, they'll sell it. I also have not been able to correlate this to other parts of their lives. Some people are excellent parents, which obviously requires lots of long-term thinking. Some of them have really healthy lifestyles, which requires long-term thinking. But with money, for whatever reason, they're impulsive and short-term-oriented. By contrast, I really love speaking to people with a long-term focus on

their finances.

They have a healthy savings account. They know what they're saving and what they're investing for. Some of them even have a 40-year time horizon, which allows them to accumulate serious wealth. If I asked them, would you ever buy something if you didn't have the money in the bank to pay for it, they just look at me blankly. It's a totally different perspective on short-term versus long-term thinking. Back to Brad. There's a lot more to unpack here.

Brad: [00:24:00] And I think Becca has helped me see that kind of continues that I'm held to a different standard.

Ramit Sethi: [00:24:07] How so?

Brad: [00:24:08] That I shouldn't make mistakes. I have a really hard time asking for help.

Ramit Sethi: [00:24:13] Uh-huh. And can you connect that with your upbringing at all?

Brad: [00:24:18] My dad, he did a lot of things around the house on his own, and he'd let us help out. I see that in myself. If we have stuff that we want done around the house, I'll say that I don't want to pay for it because I can do it for myself. Part of that is I have a hard time trusting people to do something well, even something as simple as cutting the grass. But then, like the projects we have around that Becca's wanted is a deck, so she can go out back, and sit with our kids, and watch them play, and that's something that I'm hell-bent on doing myself, because I don't want to pay someone else to do it.

Ramit Sethi: [00:25:07] What if your dad had said, "I want to put a shed in the back", and you said to him, "Why don't we just hire somebody to do it for us?", what would your dad have said?

Brad: [00:25:19] I think he would have said, "I can do it myself", maybe that we couldn't afford it.

Ramit Sethi: [00:25:25] Is that true? Could you have afforded something like that?

Brad: [00:25:28] For me or for my parents?

Ramit Sethi: [00:25:29] For your parents.

Brad: [00:25:31] I don't know. Something that Becca and I have talked about is that I have no idea where my parents stood financially. We went to dinner with them a couple of years ago, and my parents offered to pay, and we got the check, and my dad, you'd think the way he reacted to the check that it was a 500-dollar tab, and it was \$80. I remember them asking us as kids if we wanted to move to a bigger house or if we wanted to stay where we were at.

So then, they met with an architect, they drew up these fantastic plans, the house is going to be awesome, they were getting a bedroom off the back of the house, we were excited. I can't remember how old I was. But then, I remember them saying that building material prices went up over the course of a few months, and now, they couldn't afford what they wanted and that this is the best that they could do.

I remember my dad installed the insulation, so we wouldn't have to pay somebody to do that. He built the cabinets in the kitchen, so we wouldn't have to pay somebody to do that. And it's been probably 20 years, maybe 15, 20 years since they started the addition, and it's still not done. Another characteristic that I see is it's an 80-20 thing. Projects that my dad would work on, he'd get 80% of the way there, and then the last 20%, it would either not get done or it would take a long time to get done.

Ramit Sethi: [00:27:10] Yeah. And it's just one more thing on your massive to-do list, next to mowing the lawn, and going to work, and on, and on, and on.

Brad: [00:27:20] And we talk about paying people to do those things, but I feel trapped again, because, well, we can't afford to pay somebody to finish this stuff, because we have these bills to pay, and now, we've got all these things that we want to do the house, but we can't, because we don't have the money for it.

Ramit Sethi: [00:27:44] Yeah. I can understand you using the word trapped. It does feel like you're trapped. You've got this project that's 80% of the way done, you want to finish it, but the tools are expensive, you can't hire anybody else, and there's a massive other to-do list of other stuff that's important, too. And you mentioned, "Hey, I'm concerned about having enough to fill up the tank of gas", Brad, what state or general area do you live in?

Brad: [00:28:18] So, we live East Coast, close to Virginia Beach.

Ramit Sethi: [00:28:22] Okay. I'm just asking, because sometimes, people pick up the financial values of the people around them. And I'm just curious about some of these decisions, like you've been in credit card debt for a long time, and I'm wondering, is that normal for the people in your community or the people around you?

Becca: [00:28:42] I do feel like it's normalized in your family.

Brad: [00:28:45] In my family, yes. I know for a fact that my siblings have credit card debt.

Ramit Sethi: [00:28:51] This is very interesting. How do they talk about it?

Brad: [00:28:56] Not the same way as me. It doesn't seem to stress them.

Becca: [00:28:59] I mean, I don't ever really hear them talk about it in a negative way. It's just, yeah, I have it, I don't have any way to pay it off, but they don't have the emotional ties. Even if they can't pay it off, there's no stress around that, which I don't think is a good thing either.

Ramit Sethi: [00:29:17] Another clue here, in many ways, debt is contagious. If your friends and family have credit card debt, you're more likely to have it, too. That's also for a variety of structural reasons by the way. It doesn't just mean that credit card debt is like someone's perfume that rubs off on you. But if you're surrounded by people who think credit card debt is normal, people who buy lots of stuff on incomes that can't support it, you might start to think it's normal, too. Now that I've heard the background, I'm going to start giving Brad and Becca some candid feedback.

So, this is not surprising. Do you both realize you're a product of your community and your upbringing? I'll just tell you point blank, while it may be statistically normal to have credit card debt in this country, it's not normal. Okay. In my opinion, it's not acceptable for somebody making \$115,000 to have credit card debt. There's no reason for it.

The fact that multiple people in your family have credit card debt, it's not surprising to me at all, because in many ways, debt is contagious. The type of people who have debt surround themselves with others who have debt. Not saying debt is always a choice, a lot of times, it's just unforeseen circumstances, health care, student loans, et cetera, but the fact that we're talking about credit card debt, not student loan debt, credit card debt, is very revealing.

Becca: [00:30:49] When it comes to money, I like to save and have a plan for the future, which doesn't include a lot of debt. That's just not how I operate.

Ramit Sethi: [00:31:02] Brad, what are you prepared to do to change?

Brad: [00:31:05] Anything. I would do anything.

Ramit Sethi: [00:31:07] Okay. That's a good answer. Let's take a look at your debt. Student loans, \$600. Okay. Credit cards, 9,500 bucks. So, what do we have on there, the shed, what else?

Brad: [00:31:20] The shed. Last year, we got a new TV and surround sound. That was something we got. There's probably a Disney World trip on there. It's a few years old. And I can't even remember what all the debt was.

Ramit Sethi: [00:31:37] Okay. Let's keep going through the debt. You have an RV loan for \$25,000, auto loan, 35,000. What kind of car you have? Please don't tell me it's a Ford truck.

Brad: [00:31:48] It is a truck, but it's not Ford.

Ramit Sethi: [00:31:51] Fuck. I knew it. What kind of truck is it?

Brad: [00:31:53] It's a Ram.

Ramit Sethi: [00:31:55] Okay. And do you do work that involves you using a truck?

Brad: [00:31:59] No.

Ramit Sethi: [00:31:59] No, you don't. Of course.

Becca: [00:32:01] We have to pull the RV, though.

Ramit Sethi: [00:32:03] Oh, yeah, exactly. You need to spend a bunch of money on an RV, which then forces you to spend even more money to buy something that can pull that thing.

Brad: [00:32:13] You're right.

Ramit Sethi: [00:32:13] How much did this truck cost, by the way, the total price of the truck?

Becca: [00:32:17] It was actually a good deal, but not good enough.

Brad: [00:32:18] 50,000.

Becca: [00:32:19] Yeah.

Ramit Sethi: [00:32:20] \$50,000?

Brad: [00:32:23] We got 10 for my trade-in.

Ramit Sethi: [00:32:25] Okay. Another lesson from Ramit here, this is called Ramit's fables tonight. Okay. I'm going to impart some directive wisdom. You cannot afford a \$50,000 car when you make \$115,000. Okay. You cannot. This is crazy to me. How did you decide how much money you could afford to spend on this truck when you bought it? Let me guess. Was it about the monthly payments?

Brad: [00:32:50] Yeah, ultimately.

Ramit Sethi: [00:32:51] Goddammit.

I got pretty heated right there, and I have to apologize to Brad and Becca. Sorry, guys, and I appreciate you sticking with me. Let me tell you why I got so mad, though. These are some of the biggest reasons that many of you stay stuck in your financial situation. You worry and you agonize over three-dollar coffees, and then you go out and take loans to buy a \$50,000 truck and an expensive trailer, plus the \$400 in gas it takes every month.

And the worst of it is you bought these things based on the monthly payment. Guys, you have to stop doing this shit. This is how unsophisticated people act with money. First, they buy things based on monthly payments. Never do this. Sophisticated people look at the total cost of ownership. If you buy a 50,000-dollar truck, but your payments are only \$350 a month, by the time you factor in all your interest and fees, that stupid truck might cost you 70, maybe \$80,000.

"Oh, but, Ramit, maybe it's their rich life, you're just a coastal elite, because you don't like trucks, you're coming down and judging other people." No, you can't just point at something you want, and then use my concept of a rich life to justify it, you actually have to be able to afford it. If you can't afford it, that's fine, save your money, use my Earnable program to earn more, start investing, but you don't get to just wave your hands, and repeat rich life three times, and then buy whatever you want.

No, I don't care if it's a truck, or a beach house, or even one of my self-development programs. And another thing, let's talk about these fucking trucks. Virtually, every person I talk to in financial trouble has a truck. Why is that? When I ask them, they always have these logical reasons. One guy I talked to, he said, "Well, I needed to get up these steep hills in the winter". I was like, "Dude, what are you telling me? Grandma can't get up there in her four-door Kia?" Then, they shift to something like, "Well, I need it for my trailer". No, you don't need a trailer.

Finally, they just admit, "I want a truck". And when I probe even more, why do you want

a truck? They want a truck because everyone around them has a truck. It's fucking status. You guys spend all your time on social media mocking Louis Vuitton bags as stupid status items, yet all of you own these trucks. I looked it up. In 48 out of 50 states, a truck or SUV is the most popular purchase. Now, I have a lot of compassion for people spending, and money dials, and invisible scripts, but I have zero sympathy for people who buy huge trucks or SUVs, and then get on social media to complain to Papa Government about gas prices. Take control of your life.

This is what I'm talking about when I say you have to change your entire worldview. Unsophisticated people buy cars for the monthly payment. Unsophisticated people buy things, saying, "Well, I can afford to have it for 12 months without paying interest". Unsophisticated people buy things and say, "I'm going to put it on credit, and then I'll figure it out later". No more of that.

Brad: [00:36:08] That's exactly what I do, I'll figure it out later.

Ramit Sethi: [00:36:11] Yeah. You're living the unsophisticated financial life, and then it's no surprise that you're stressed out. All the same people who walk in the car dealer get swindled because they don't know any better by paying a month, "Oh, it's only 350 a month". Oh, they just didn't mention to you that it's 72 months of this, including a shitload of interest. I'm getting mad not at you, I'm getting mad because I hate seeing unsophisticated people taking advantage of. I don't think you should have to be a master at personal finance to not get ripped off. It makes me angry to hear that you have been taught these things and I will say it makes me a little angry that you haven't taken responsibility for this, but you are now, which I respect.

Brad: [00:36:55] I just don't see a way out.

Ramit Sethi: [00:36:57] Lots of listeners ask me to feature couples in different financial situations, not just multimillionaires, and today, you got it. I'm very grateful that Brad and Becca are sharing their story with us, and I think for a lot of listeners, their situation is very relatable. Here's what we've heard so far. Brad is unsophisticated with money. And instead of learning, he alternates between ignoring the problem and obsessing over it.

Brad and Becca use all kinds of gimmicks, like 0% balance transfers, 10 credit cards,

and car trade-ins. And if they keep going like this, it's pretty predictable where they'll end up, just like tens of millions of other Americans, they'll be in debt, treading water, and frustrated at being stuck. And finally, beyond the money, Brad and Becca are playing out parts of their upbringing.

Their invisible scripts are highly reflective of what they saw in childhood. In the second part of my conversation, you'll hear us put together a plan for Brad and Becca. You'll hear if they can commit to that plan and you'll hear about the particular struggles they face, which I think you'll instantly recognize in your own life. Coming up next week on I Will Teach You To Be Rich, part two of my conversation with Brad and Becca. Thanks for listening.

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