

Episode 3. Chantha and Calvin

Calvin: [00:00:02] When we look in the menu, I notice the right, but I book the hotels, or car, or anything, I click on sort by price.

Ramit Sethi: [00:00:09] Like a lot of people, Calvin has a problem spending money. It makes him feel anxious. It makes him feel guilty. And I wanted to hear his story to understand why. Where did this come from? And how is it affecting his relationship with his partner, Chantha?

Chantha: [00:00:25] Calvin has always wanted to be the man of the house and take care of everything until he came to me, and says, he keeps going negative after paying for everything.

Ramit Sethi: [00:00:36] Before we go deeper into this episode, what's your first guess? What do you think is going on here? Well, I'll give you a hint. Let's start way back in Calvin's childhood. Take a listen.

Calvin: [00:00:53] I had to deal with all the phone calls, collection agencies, credit card, or deferring payments, and whatnot, going to like payment plans and stuff. I did all that for my dad, so I knew all that stuff.

Ramit Sethi: [00:01:04] Wow. How old were you?

Calvin: [00:01:06] Elementary.

Ramit Sethi: [00:01:07] What? Hi. My name is Ramit Sethi. And today, I'm talking to Calvin and Chantha. Now, they've been together for three years, and until recently, Calvin has insisted on paying for just about everything. The problem is he can't afford to, and he obsesses and agonizes over money. He feels anxious. He's always looking for the cheapest price. Now, he's in his mid-30s, and together, Calvin and Chantha make over \$250,000 a year, and they have over half-a-million dollars in savings. So, why does he feel so bad about money? Let's find out the clues. We'll see what we can do together.

Chantha: [00:01:59] He's great. He wants to pay for everything, but the struggle is he obsesses and stresses out over everything also when it comes to money. And so, I've always talked to him about contributing a percentage of our paychecks into a household expense and combining the household expenses. But Calvin has always wanted to keep a lot of things separate, and he's also wanting to, I guess, be the man of the house and take care of everything, until he came to me, and says, he keeps going negative after paying for everything. Our expenses are pretty high.

Calvin: [00:02:32] I pay for too much stuff, and therefore, that's in debt, in turn, it makes me worry about money, worry about the cost of everything, always like looking for the cheapest route or the cheapest alternative. And I told her, I think that you may not feel that way, because you're doing fine, because obviously, I'm in a negative, you must have extra money, and you must go okay and I don't.

Chantha: [00:02:55] Yeah. I think Calvin two years late on that when we first moved in together, I had discussed this with him in the beginning, because I didn't expect him to pay for everything, and I'm more than happy and more than willing to pay for my share. And I think him struggling and realizing that he cannot support the both of us, especially with the way I spend according to him. And so, I think that I'm glad he finally realized it. I think if he had sat down with me, and looked at the numbers, and went through everything together from the beginning when we first moved in, I don't think he would feel this much anxiety.

Calvin: [00:03:33] I realized that a little bit late. I take in about 120,000 a year.

Ramit Sethi: [00:03:40] Okay. I get that he wants to pay for everything, but Chantha also has money of her own. Let's find out what's going on with her. Tell me how much you make total per year.

Chantha: [00:03:51] About 130,000 a year.

Ramit Sethi: [00:03:56] Did you catch that? Chantha actually makes more than Calvin does. Now, there's an obvious solution to this problem, and that is for them to reallocate the way that they do their spending, for them to spend proportionately, so Calvin's spending will go down towards their joint account, and Chantha's will go up. That just

makes sense. And actually, right before we recorded this episode, they made that change. But I still wanted to talk to them to find out what had led them to all this financial anxiety, because I suspect there's something a lot deeper here.

Chantha: [00:04:33] We redid our math just a few months ago.

Ramit Sethi: [00:04:35] So, would you say you contribute roughly the same amount that she does?

Calvin: [00:04:38] Yeah, now, we are.

Ramit Sethi: [00:04:40] Good. Okay. It would be really easy to end the episode right here. Okay. We made a quick change in Excel, boom, done. That's what so many people think money problems are. They think they are a math problem. But money problems are almost never a math problem. They're much, much deeper than that. There's something else going on psychologically, something that caused them to get to this point. And now, we're going to have to find out what those clues are. Let's start with the fact that Calvin felt he had to pay for everything. What do you think that is? Where do you think that comes from?

Calvin: [00:05:19] Originally, I told you not to give me anything. I mean, I'll just do what I can on my own, and then eventually, that didn't work. So, let's start trimming a little bit, and now, it's still not working. And so, we went with this new route where we kind of put into an account to pay for joint expenses.

Ramit Sethi: [00:05:35] Before running into the red, how's it working for you now?

Calvin: [00:05:37] We just started in the beginning of March. Coming up in a few days, we'll see how it goes. But it should be okay, because we really calculated everything else to figure out, and we came with an average amount that we would need to cover everything, including grocery shopping, potential dinings, and even gas. So, it should be fine.

Ramit Sethi: [00:05:58] Okay. Good.

Calvin: [00:05:59] She's right. I wanted to be the man in the house. I wanted to provide as much as I can, and also just wanted to see like how much I can do on my own in the event she doesn't want to work anymore or can't work anymore.

Ramit Sethi: [00:06:14] Let's unpack that. What does man of the House mean to you?

Calvin: [00:06:18] Basically, take care of everything financially. Pretty much that, actually.

Ramit Sethi: [00:06:24] So, pay for everything, and then what happens fast forward? Maybe you decide to start a family, what happens?

Calvin: [00:06:33] And then, I won't be able to afford it.

Ramit Sethi: [00:06:36] Yeah, that could become a problem. Yeah. Okay. You guys came in here as if this was a math problem. This is not a math problem. And I'm really happy that you've both fixed up the allocation, that's awesome, but this has not been solved at all. We still have work to do, because the real problem is not on the spreadsheet. In fact, put the spreadsheet away. The real issue here is way deeper. It's not going to be found in Excel.

Ramit Sethi: [00:07:04] The way they restructure their finances is good. It's probably going to help prevent Calvin from going into the red every month, so I'm really happy to hear that. But there's more here emotionally. There's more behind how Calvin felt that he needed to provide for both of them, even though he couldn't do it financially. And the reason that I want to push on this is that if you just paper over a problem, if you don't really understand the causes, then it will come up again, and again, and again. And with money, especially money in relationships, we want to get to the root cause. We want to fix it once and forever, so that we can move forward and create our rich lives.

Calvin: [00:07:48] I feel like we value money very differently. Like every dollar counts to me, where I think for Chantha, sometimes, like convenience is more important or the luxury is more important. I look at the price tag pretty much. I assess them whether or not it's worth it and whether or not I can do it myself, or we can find it cheaper

elsewhere, or do you need it? And we could walk there instead of getting a cab or something like that.

Ramit Sethi: [00:08:21] Okay. So, let me give a few examples. You tell me if you would think about the price for this. When you go to buy a car, do you comparison shop for prices?

Calvin: [00:08:30] I do.

Ramit Sethi: [00:08:31] Okay. When you think about taking a vacation, do you comparison shop for locations or hotels?

Calvin: [00:08:38] Big time, yeah.

Ramit Sethi: [00:08:39] Okay. And when you go to the grocery store, do you comparison shop for the type of spaghetti sauce or lettuce that you're going to get?

Calvin: [00:08:48] I do, yeah.

Ramit Sethi: [00:08:49] So, everything.

Calvin: [00:08:51] Yeah, everything. Like organic, or do we need organic? When we go on vacation, we spend money and it does bring me joy, it's the process of getting there, there is a lot of calculations, and weighing out the cost and the value of things.

Ramit Sethi: [00:09:05] And if you spend an extra 500 bucks, do you think it would give you more joy?

Calvin: [00:09:09] No.

Speaker4: [00:09:12] Okay. And what do you think, if I asked Chanta that same question, what do you think she would say?

Calvin: [00:09:19] I think she's the opposite of everything I say. Like I said, she values more of the convenience, organic, doesn't matter if it costs more, doesn't matter, and

valet parking. I'm like, no, let's self-park, let's self-park, stuff like that, so it's complete opposite.

Ramit Sethi: [00:09:33] So, let me understand. I want to know the advantages of this approach, because I think there are a lot of advantages of your approach. And then, I want to know what your approach might be costing you. So, let's start with what are some of the benefits of your approach? Behaviors serve a purpose. There are biological behaviors, like we sleep when we're tired and we cry when we're sad. But then, we have other types of behaviors, like comparing the price of everything. Now, they usually get us something, some sense of comfort, or status, or saving money. But if you take them too far, they can start to cost us a lot. And that's what I'm trying to find out here. What does this cost him?

Calvin: [00:10:22] I like knowing that I've gotten the best price possible. I don't like overpaying for anything, because again, I work very hard for my money, and I do not, she thinks we're well off, I don't think we're well off financially. And so, I try to spend as little as I can or save as much as I can.

Ramit Sethi: [00:10:41] Keep in mind, they make almost \$300,000 per year.

Calvin: [00:10:45] That, in turn, makes me look very like not materialistic. I don't shop for expensive clothing. I don't drive expensive cars. That's just out of the question for me.

Ramit Sethi: [00:10:55] You're not materialistic. What else?

Calvin: [00:10:58] Knowing that I got the best value and the best price that we could get something for, whether it be like a vacation, or food, or anything.

Ramit Sethi: [00:11:08] And what is the advantage of knowing that you got the best price?

Calvin: [00:11:13] I didn't overpay for anything.

Ramit Sethi: [00:11:15] Uh-huh. And what's the advantage of that?

Calvin: [00:11:18] I didn't use more of my money on a service or our money on a service.

Ramit Sethi: [00:11:22] Okay. Very good. Alright. What are the disadvantages of your approach?

Calvin: [00:11:27] Oh, I know the disadvantage. Time-consuming, where I research, and I ponder, I weigh this versus that, versus this, versus that. It does take time. I know that it takes time, everyone knows. And then, yeah, time, and we get to disagreements and stuff like that. So, those are probably disadvantages.

Ramit Sethi: [00:11:43] That's it? Just the word disagreements. Like you called me to come talk about this. Clearly-

Calvin: [00:11:51] Well, we disagree and it escalates.

Speaker4: [00:11:53] Tell me more about that.

Calvin: [00:11:54] Because we disagree, because we don't see eye to eye on it. And so, she thinks it's—she doesn't understand why I am out shopping for like the cheapest one or like the best value at a bargain. And I don't understand why this is not a priority to her.

Ramit Sethi: [00:12:13] Okay. Chantha, let me hear from you.

Chantha: [00:12:16] I think I'm reasonable. I save money, but I do live life. I think that's our difference. Calvin doesn't understand how to splurge on himself, and I do that a little bit more, whether it's myself, my friends, my family. I definitely like splurge on gifts for people. We work hard to make money, so I feel like we should really enjoy it as well. But I don't think that we should spend everything that we make. As long as you're saving and you have a balance, I believe more about having that balance.

Ramit Sethi: [00:12:50] Calvin, do you agree in having balance?

Calvin: [00:12:54] I do.

Ramit Sethi: [00:12:56] Okay. So, that's good. You both agree on balance. Maybe you just don't agree what balance actually is.

Chantha: [00:13:02] That's exactly right.

Calvin: [00:13:04] Well, I don't think I make enough for the way she wants to live. That's the thing.

Ramit Sethi: [00:13:09] What would you say this ranks in terms of the issues that you argue about? Is this the number one thing or is it in the top three?

Calvin: [00:13:21] It will be in the top three, yeah.

Ramit Sethi: [00:13:23] Chantha, do you agree with that?

Chantha: [00:13:24] Absolutely.

Ramit Sethi: [00:13:25] Top three. Okay. What happens if you both continue on the way that you've been going? You're three years into this relationship. It's somewhat early on. If you change nothing and you keep going on, what do you think happens? I'm taking a detour here, because I understand their issues. Now, I want to see if they understand how serious this is. A lot of people I talked to initially write in with this huge problem, but when we start talking, they minimize it.

Ramit Sethi: [00:13:57] They'll say, well, it's not really that bad, or we only fight once in a while, but overall, things are pretty good. Now, that might be, but a four out of 10 fight about the price of chicken wings can multiply, and calcify, and amplify, especially after 40 years of marriage, and two kids, and a mortgage. That's why I'm doing something called future pacing right here when I ask them to imagine the future.

Calvin: [00:14:26] I think there would be a lot more disagreements and arguments about it. And overall, we wouldn't be happy, and it will be hard to coordinate, or plan

anything, or yeah, just making a plan for anything, whether we buy something, going somewhere, doing something.

Ramit Sethi: [00:14:44] Yeah. On a scale of one to 10, how serious do you think it is today and how serious do you think it could become?

Calvin: [00:14:52] I think it could become very serious, because when we're talking in terms of having a family and stuff, like I see her as no limits in expenses, like if we were to have a kid, no, we need to do this for the kid, we need to do this. I want this for the kid. No, I want only organic, only top-shelf items. I don't trust the school system. I want them to go to private school and all that stuff. That's all money and like money that I don't have, or I don't feel like I have. I'm going to object to certain stuff, and it leaves me being a bad father, or husband, or whatnot.

Ramit Sethi: [00:15:30] I think you're right. I think that it is a nuisance right now, maybe a little bit more than a nuisance, but I think that as you fast forward and as you're both thinking about a family, it's become way more complicated financially and values wise. From what I hear so far, you don't have an effective joint philosophy. You have two individual philosophies, which contradict each other. And so, luckily, you're relatively high income, you have low expenses, so you can kind of paper this up, right? Look at it, you have hundreds of thousands of dollars in savings. Do you know your savings rate?

Chantha: [00:16:09] I save on my own about 20% of my income.

Ramit Sethi: [00:16:15] They're very savvy with the technical aspects of money. They're spending less than 11% of their gross income on housing. That's extremely good. They know their numbers. They know their savings rates. That part, I'm not concerned with, it's the other part, the what else part that's concerning. What are you going to do with this money? How do you know when you've won? What is the purpose of 10.5% spending on your housing? These are the questions that are not found in a spreadsheet, and they are much, much harder for people to grapple with. I decided to go back to Calvin's childhood, learn a little bit more about what he grew up with, because I think it has a big, big hint about what's driving him today.

Calvin: [00:17:04] It was that, my dad paid for everything. My mom, for many years of her adult life, she didn't work, and then eventually, she did. And even then, I think she didn't pay for anything. She just saved her money, and that's how it was. It didn't work out, though, because they were always in financial troubles.

Ramit Sethi: [00:17:26] Why did she go back to work?

Calvin: [00:17:29] Maybe it was to help out, yeah. My family did not make a lot of money, and my dad was very poor with managing money, racking up credit card debt, collectors calling, bad credit scores, all that stuff, writing checks consistency that was insufficient. My parents never had enough money or no.

Ramit Sethi: [00:17:47] Did they ever say anything to you that made you feel as a kid that you or your family didn't have enough?

Calvin: [00:17:55] And their English was very bad, so of course, I have to deal with all the phone calls, collectors, collection agencies, credit card, or even like deferring payments, whatnot, going to like payment plans and stuff. I did all that for my dad, so I knew all that stuff.

Ramit Sethi: [00:18:11] Wow. How old were you?

Calvin: [00:18:12] Elementary.

Ramit Sethi: [00:18:14] What?

Chantha: [00:18:16] I know, I told Chantha, and I don't if she believes me sometimes, but I've been helping my family with like financials since I was a little kid. And because of that, you know what? I never asked for anything from my parents. I never participated in any extracurricular, because I thought it would cost my dad money. I never got any toys. I never asked for anything. I didn't go to my prom and I didn't do anything, because that would involve money. I didn't want to bug my parents all about it.

Ramit Sethi: [00:18:47] That can't have been easy to take on that adult role as an elementary school kid. That's unbelievable. Suddenly, a lot of Calvin's financial anxiety

makes sense. He's been living with a world view of scarcity since he was in elementary school, and he's been fixing money problems. Catch that word, fixing, not seeing money as joy, but as a problem to be fixed and managed since he was a little kid.

Ramit Sethi: [00:19:17] So, we can sit here and tell Calvin to spend more on organic cheese, but because of his lived experiences, he literally sees money differently than Chantha does. Now, you told me that when you were young, you said not enough, and then as you got older, going to prom and schools, it almost seems like you just didn't even ask. What did you start to believe about money as you grew up?

Calvin: [00:19:42] I don't want to be like not having—to not have enough money for things.

Ramit Sethi: [00:19:46] Is your family still in the same financial situation?

Calvin: [00:19:50] They're better now because of me. I still help them monitor it. So, I manage it until this day. Yeah. It is hard to say, my dad is just really poor with any of these. He'll write a check and send it out, and then he goes to the ATM and withdraws whatever he needs to withdraw for cash, then sees the balance on there, and thinks that's how much he has left, not realizing that there's two or three checks that's floating in the mail system that's going to people that are going to be depositing it, then he ends up insufficient funds. And I see it, because I log in to his account once in a while, and I check, I don't know what's going on, stuff like that.

Ramit Sethi: [00:20:24] That's got to be frustrating, and also something that you've been doing it for, what, 30 plus years, must be something you just learned to live with.

Calvin: [00:20:33] Yeah. We grew up in Hawaii. I came here when I was 17. So, in year 2010, I got him into those credit debt payment plans and stuff like that to get him out of it. And he did. I made sure he was on track, and then eventually got out of it. His credit went back up, and he was doing really well, and I think he's fallen off again. But now, I got my sister, my younger sister to help out with managing.

Calvin: [00:21:00] I just set up like the rent payments, and automatic payments for them, and stuff like that. So, that's when he writes those checks at least, he just doesn't

understand that writing a check, it means that's what the money is going to be. He just doesn't realize that. He's always like, I thought I saw my ATM receipt, I still had \$1,000 in the account. I said, yeah, but what about the check you wrote two days ago?

Chantha: [00:21:23] He questions their every purchase. He questions kind of their every move and decision, but I see why we had to. That's a lot of responsibility for him to hold and he still continues to carry on that responsibility. It's just hard, because I see it affecting us, and our finances, and how he questions a lot of the things that I buy as well. But I always try to remind him, I'm not in the same financial position as his parents.

Ramit Sethi: [00:21:49] I think it's pretty cool that Chantha understands Calvin's childhood actually affects him. And that understanding, that's not going to make their money problems disappear, but at least that understanding is a really great sign that the two of them can take this journey together. I will say, though, I'm not sure Calvin has actually connected his childhood with his financial behaviors of today, the anxiety, the constant comparing cost of everything, and the stress that is putting on their relationship. When you think about your own relationship with money today, what role do you think that your family upbringing had in that relationship?

Calvin: [00:22:32] It makes me just never want to be like in debt and be in that position.

Ramit Sethi: [00:22:36] Because what?

Calvin: [00:22:40] I don't know. That is a wonder, because it doesn't help me if I was at home, but I don't like—and that's why I don't feel good at the end of the month when I'm in the red.

Ramit Sethi: [00:22:48] What happens if you get into debt?

Calvin: [00:22:53] It's hard to get out.

Ramit Sethi: [00:22:55] Yeah, what else?

Calvin: [00:22:57] I would have to work more to make the money.

Ramit Sethi: [00:23:01] What happened to your dad as he got worse and worse with his money?

Calvin: [00:23:05] Him and my mom would get into arguments financially. That's it. And then, my dad, I don't think he cares. It seems like he cares, but I don't think he cares.

Ramit Sethi: [00:23:16] So, how come you care?

Calvin: [00:23:20] Because I think it's going to fall onto me in the event that anything happens, because I'm the one that's the most successful financially—on paper, the most successful in our family.

Ramit Sethi: [00:23:35] And you've been doing it for so long, too. You've been helping in so many ways.

Calvin: [00:23:40] Yeah.

Ramit Sethi: [00:23:41] Yeah. Did your parents look at the prices of stuff when you were a kid?

Calvin: [00:23:46] They do, but they don't—what do you call it? They don't weigh it out, and much work, and stuff.

Ramit Sethi: [00:23:51] Like they don't create Excel models to compare it?

Calvin: [00:23:54] No. Nothing. None of that stuff. And they just buy it and they don't think too much about it. Up until this day, they just buy unnecessary things they don't really need. They buy too much of things that they should be buying.

Ramit Sethi: [00:24:08] And when they do that, how does it make you feel?

Calvin: [00:24:12] It frustrates me and I actually get into arguments with them, too.

Ramit Sethi: [00:24:16] And when Chantha buys valet parking, how does it make you feel?

Calvin: [00:24:20] I don't like it either.

Ramit Sethi: [00:24:23] Any connection between the two?

Calvin: [00:24:24] No. The only connection is I don't want to spend the money for that, because I don't think we need it.

Ramit Sethi: [00:24:31] I'm wearing a pretty nice shirt right now. I don't need it. I don't need it at all. I could have bought it at Target. Target has very nice clothes, but I decided I like it, so I bought it. What do you think about that? Is that unnecessary?

Calvin: [00:24:48] No. But if you can afford it, then that's fine.

Ramit Sethi: [00:24:53] Good. That's a great answer. Now, how do you know if you can afford valet parking, 15 bucks, let's say?

Calvin: [00:25:01] Yeah. And I've told, Chantha, I told her, when I pay my bills and I'm not in the red anymore, then maybe we can figure out, if I'm in the red, that we shouldn't be paying more for luxury.

Ramit Sethi: [00:25:11] Chantha, do you agree with that?

Chantha: [00:25:14] Yeah, I agree with that.

Ramit Sethi: [00:25:16] Okay. Good. We have a big zone of agreement here, still feeling out the zone of disagreement. So, do you both have any money rules that are important to you jointly?

Chantha: [00:25:32] We don't have any money rules yet. For example, I read your book, I follow you, like all about using your points for plane tickets, hotels, I'm all about that. And Calvin is, too, but he micromanages how we spend our points, our free points. And so, I think if we come up with some good money rules, then it would be good for us to follow, because in my mind, I see them as free points, it's okay how we spend it,

because they're free, but Calvin completely disagrees and has his own way of wanting to spend it.

Ramit Sethi: [00:26:09] I'm moving on from Calvin's childhood into their spending with money today. See, sometimes, when people talk about their childhood, they instantly get it, and they can connect how their upbringing is causing their financial issues today. But sometimes, they need more time to make those connections. It needs to sit and settle. So, let's shift into how Calvin and Chantha spend on vacations now. Now, jointly come up with the money rule that would serve both of you?

Calvin: [00:26:40] Yeah.

Ramit Sethi: [00:26:40] What would be a rule that both of you could feel good about?

Calvin: [00:26:44] My general rule is no valet, we can walk. That's something come up like right away off the top of my head.

Ramit Sethi: [00:26:49] Of course. You say it like it's a surprise. We all knew that's a given. I was kind of hoping for a money rule that would give them permission to spend more here, but at least he's trying. It runs deep inside you that you want to spend as little as possible. I get that. That's your natural inclination. And like we talked about, that can serve you in a lot of ways. You're probably never going to run out of money. But again, what do you think the downside of that is, Calvin?

Calvin: [00:27:24] Yeah. just time.

Ramit Sethi: [00:27:26] That's one. What else?

Chantha: [00:27:29] We could get really bad quality things.

Ramit Sethi: [00:27:34] Calvin, when you go on vacation, do you want to stay at a Holiday Inn?

Calvin: [00:27:37] First of all, before I met her, yeah. I stayed at Holiday Inns and stuff.

Ramit Sethi: [00:27:41] Okay. Fair enough. First of all, I got nothing against Holiday Inn. I stayed there when I was a kid. It's a great family hotel. But Calvin, can I point something out to you?

Calvin: [00:27:50] Yeah.

Ramit Sethi: [00:27:50] I don't think Calvin realizes just how wealthy he is. And I know for a fact that he does not realize how wealthy he will be. You are going to be a multimillionaire. Did you know that?

Calvin: [00:28:07] No. That sounds great, but I didn't know that.

Ramit Sethi: [00:28:09] You already are a multimillionaire, you don't even know it yet, you just need time. I already calculated how much you have and how much you're contributing. You are already a multimillionaire. You just need to let your investments sit and keep compounding. And the more you add, the more it's going to grow. Now, let me ask you this, Calvin. Let's say you're sitting on \$ 3 million, do you still want to stay at a Holiday Inn?

Calvin: [00:28:36] No.

Ramit Sethi: [00:28:37] Okay. Good. Let's say you're sitting on 500 grand, so you still want to stay at Holiday Inn?

Calvin: [00:28:42] Yeah.

Ramit Sethi: [00:28:43] Okay. A million?

Calvin: [00:28:46] No.

Ramit Sethi: [00:28:47] Wow. So, at a million bucks, it changes from Holiday Inn to you're willing to stay somewhere else. Is that right?

Calvin: [00:28:56] Yeah.

Ramit Sethi: [00:28:57] You can afford more than a Holiday Inn right now. Do you know that you are rich?

Calvin: [00:29:04] No.

Ramit Sethi: [00:29:05] Yeah, because ever since you were an elementary school kid, you've been poor. So, you have gotten a great job. You have a very good income, and combined with your girlfriend, Chantha, you have a very good household income. Your savings are quite good in terms of percentage per year and your expenses are low, and yet this is not a math problem. This is all psychology.

Ramit Sethi: [00:29:38] And so, it's funny, you even just said at a million dollars, you would switch away from a Holiday Inn, but a Holiday Inn costs 150 bucks a night. That's a decimal error. Do you see how it's not a math problem here, that there's something else going on? You're already rich and you're getting richer every day, but until you can internalize that, you will always hold on tightly to parking, hotels, salad, burritos, whatever.

Ramit Sethi: [00:30:21] And look, personally, I don't care if you want to go for a cheap burrito, and that's just not important to you, my car is 16 years old, it's not important to me. It still works. It's a great car, Honda, love it, but there are other things, that I buy a really nice vacation. And there are even some things where I say I'm going to give myself no budget, I will spend anything, because it's important to me and I can afford it. So, Calvin, hearing that, how does that strike you?

Calvin: [00:30:52] It feels good to hear that, but I think because you're looking at it in a long-term perspective, and for me, it's just down to the end of the month.

Ramit Sethi: [00:31:04] This is really common with people who have anxiety around money. They look at everything month to month, and that is as far as they can look. It's kind of like driving in the fog, where you can only see 50 feet in front of you. Of course, you're going to be nervous. Of course, you're going to be going slow. Of course, you're going to be worrying about all the things that can go wrong. You're only seeing 50 feet in front of you. My job is to zoom out and show you the big picture, your rich life, not just your rich month.

Ramit Sethi: [00:31:36] The funny thing, though, even though you're living month to month, you've managed to accumulate six figures in savings, that's no joke.

Calvin: [00:31:49] Yeah.

Ramit Sethi: [00:31:49] And yet, you are obsessed, words that I heard today, obsessing, you're talking about like 10-dollar expenses, but you have over 200,000 dollars in savings, both independently and jointly. Do you know how much your money right now turns into by the time you're 65, if you just keep contributing the same amount. Any idea how much it turns into?

Calvin: [00:32:13] No.

Ramit Sethi: [00:32:14] Take a guess.

Calvin: [00:32:17] Five million.

Ramit Sethi: [00:32:18] That's a good guess. 3.6 million, but if you wanted to make a 5 million, it wouldn't be that hard. Five million bucks, what do you think is going to change when you have \$5 million?

Calvin: [00:32:35] I mean, yeah, I wouldn't worry about those things anymore.

Ramit Sethi: [00:32:39] You think? Just magically overnight, you're just going to stop worrying about all financial items?

Calvin: [00:32:43] If it happens overnight, then yeah, I will magically, overnight, think about-

Ramit Sethi: [00:32:47] It never happens. If you got five million dollars tomorrow, you know what you would be doing the night after?

Calvin: [00:32:56] What?

Ramit Sethi: [00:32:47] You'd be on Expedia comparing the prices of Holiday Inn, and you'd be like, let's get a suite at Holiday Inn.

Calvin: [00:33:07] I don't think so.

Ramit Sethi: [00:33:07] Believe me, you think you would magically change an entire lifetime of restricting yourself just because you have money in your bank account, but you already have hundreds of thousands of dollars and you still treat money like you're poor.

Chantha: [00:33:21] I think Calvin is very hard on himself and he's very modest as well, and I try to get him to celebrate even small wins and it's really hard for him to do that. And so, hopefully, coming from somebody else like you and not me, I feel like I'm his biggest cheerleader anyway, but coming from you, I hope he internalizes that, and really starts appreciating what we have, and worrying a lot less, and having a lot less anxiety, because I feel like a lot of the times, it's what's in his mind that really hurts him.

Ramit Sethi: [00:33:57] One of the best ways to learn is by actually doing it, so let's try it right now. Let's dream a little. I'd like you to take 30 seconds to think about what is on your bucket list, the things you want to do in the next 10 to 15 years, big things.

Calvin: [00:34:16] I'd like to be able to travel and go to those multi-country trips and do all the excursions and do all that stuff, and not to worry about what's it going to cost. The only other country I've been to is just London once. That's it. I've never been to anywhere else.

Ramit Sethi: [00:34:32] What's the place that comes to mind first, if you could go anywhere?

Chantha: [00:34:35] I definitely want to go back to Southeast Asia. My aunt lives there right now in Cambodia and I've always wanted to—she donates a lot to the temples, and I think a few temples now, and she's retired there, but we've always talked about the schools there. I'm a teacher. And so, there's lots of just time I want to donate to either teach English, to help rebuild the school, to do something good like that, partnered with my aunt to help the community, because that's where my family is from.

Calvin: [00:35:06] I want to go there, too. We talked about it and we [indiscernible] to eventually do that. Originally, it was last year, but pandemic, we canceled it. We held off on booking, I think, because we weren't sure what was going to happen.

Ramit Sethi: [00:35:20] So, do you think you'll go when you can soon?

Calvin: [00:35:22] Hopefully, next year. Because right now, I would still be the way I am and still probably like factor the cost of everything.

Chantha: [00:35:33] He would probably stay with my aunt, where I would want to go to the hotels, because they're so much cheaper, and our dollar goes a long way there, and I would not want to stay with my aunt.

Calvin: [00:35:45] I wouldn't want to stay with her aunt. I probably wouldn't pick the resort there that's the equivalent to a Four Seasons or that's equivalent to a Ritz Carlton.

Ramit Sethi: [00:35:55] How come?

Calvin: [00:35:55] I don't classify it as being that level. Let's say that's like a 10, we don't need to stay at 10, we can stay at a seven or eight.

Ramit Sethi: [00:36:07] I love that you both are into going to Cambodia. I love it. I would like for you to both sit down, and I'd like you to talk about a dream trip. When you first start conceiving this trip, you're not going to talk about cost, then you're going to think about how much you can afford, and then you can go and plan it. I suspect that both of you may disagree on how much you can afford. Anybody have a sense of what number you think you're going to come up with?

Calvin: [00:36:35] It's like 6,000.

Ramit Sethi: [00:36:37] Okay. Chantha?

Chantha: [00:36:39] Yeah, I was thinking 10000.

Ramit Sethi: [00:36:41] Oh, you guys are in the range. Seriously, at least, it wasn't 6,000 and 60,000. You guys are so close. Do you realize, \$4,000 out of \$250,000 of income every year, that's like nothing? That's awesome. Calvin, let me ask you a question. If you said six and she says 10, do you trust Chantha?

Calvin: [00:37:11] With?

Ramit Sethi: [00:37:12] Anything.

Calvin: [00:37:15] I don't trust her with making—I wouldn't trust her to like book a trip for me or something.

Ramit Sethi: [00:37:21] Why is that?

Calvin: [00:37:23] Because it's got to be Four Seasons, valet parking, has room service left and right.

Ramit Sethi: [00:37:30] And what's going to happen if she does that?

Calvin: [00:37:32] The premium package and stuff.

Ramit Sethi: [00:37:33] And what's going to happen then? This is called the, so then, what technique. When people are worried about something with their money, I ask them, so then what? And I ask them again and again. And usually, the very thing they fear is not that big of a deal at all.

Calvin: [00:37:51] It's going to be a big deal at the end.

Ramit Sethi: [00:37:51] And what happens then?

Calvin: [00:37:54] We can't afford it. I'm answering this question based on how I feel right now.

Ramit Sethi: [00:37:59] I totally get it and I totally respect you for being so honest. He's almost there, but I just need to get Calvin a little more comfortable with the idea of spending, so I'm going to do an inversion exercise with him. Let's rewind, and this time, I want you to answer every answer in the opposite way you just answered it. Just play for just 20 seconds with me. Watch. Do you trust Chantha?

Calvin: [00:38:27] Yes.

Ramit Sethi: [00:38:29] Would you trust her to book a trip for you?

Calvin: [00:38:32] Yes.

Ramit Sethi: [00:38:34] If she booked a trip for you, would it be at a beautiful hotel with beautiful room service and all that stuff?

Calvin: [00:38:43] Yes.

Ramit Sethi: [00:38:44] Could you afford it?

Calvin: [00:38:48] Yes.

Ramit Sethi: [00:38:50] Okay. How did that make you feel to say? Can we actually do this for real? Because first of all, you can afford it, and second of all, you have a trip coming up, so let's just play it out. I'm not going to tell you what to say. It's your money, both of your money, and it's your answer, but let's play it out, Calvin. Do you trust Chantha to book a trip to Cambodia for you?

Calvin: [00:39:17] Yes.

Ramit Sethi: [00:39:20] Chantha, do you understand where Calvin is coming from when he's sometimes concerned about you booking a trip for him?

Chantha: [00:39:31] Yes.

Ramit Sethi: [00:39:33] Okay. Calvin, do you think that if Chantha booked a trip, it would be a memorable experience for both of you?

Calvin: [00:39:43] Yeah, I know it will.

Ramit Sethi: [00:39:45] Chantha, do you think you would ever regret going to Cambodia with Calvin?

Chantha: [00:39:51] No. I hope not.

Ramit Sethi: [00:39:56] Calvin, would you trust Chantha to handle all the airfare bookings for this trip?

Calvin: [00:40:08] Yeah, I will.

Ramit Sethi: [00:40:08] I think you should take a moment to really celebrate that, because that is absolutely amazing, what you just did. Chantha, what do you think?

Chantha: [00:40:20] I just want to go give him a hug, and you, a hug as well.

Ramit Sethi: [00:40:27] That simple answer you just gave me shows so much of what you've done in this conversation. Are you psychologically prepared to acknowledge that for a trip you take once every three years, the prices are basically irrelevant for you?

Calvin: [00:40:48] Yeah.

Ramit Sethi: [00:40:50] It's a big change.

Calvin: [00:40:52] It's a big trip, and then the experience is going to be important, so I could trust Chantha with all the booking and stuff.

Ramit Sethi: [00:41:02] I love it. I love everything you just said. You talked about experience, that's your money lens on this trip, and you trust her. What could be a better experience than starting out by saying, I trust you? If you've enjoyed this episode, follow and subscribe to I Will Teach You To Be Rich on whatever podcast platform you use,

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