

Ramit Sethi: [00:00:03] How much did this truck cost, by the way, the total price of the truck?

Brad: [00:00:08] 50,000.

Ramit Sethi: [00:00:09] \$50,000?

Brad: [00:00:12] Mm-hmm. We got 10 for my trade in.

Ramit Sethi: [00:00:14] I'm going to impart some directive wisdom. You cannot afford a 50,000-dollar 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: [00:00:35] Yeah, ultimately.

Ramit Sethi: [00:00:36] Goddammit. This is what I'm talking about when I say you have to change your entire worldview. 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: [00:00:50] That's exactly what I do, I'll figure it out later.

Ramit Sethi: [00:00:53] 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 taken 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.

Brad: [00:01:30] I just don't see a way out.

Ramit Sethi: [00:01:34] I'm Ramit Sethi, and welcome to I Will Teach You To Be Rich.

We're back today with Brad and Becca from last week. This is part two of that conversation, and you just heard how we left things off in the last episode. Now, remember, Brad and Becca are not millionaires. I got a lot of feedback from you that you wanted to hear from different couples with different financial goals and different financial situations. So, Brad and Becca, as a quick refresher, have been married for eight years and they have three children. Brad is the primary earner with Becca working part time, and together, they bring in \$105,000 a year.

But they have serious debt. They have a 290,000-dollar mortgage, a 35,000-dollar car loan, excuse me, truck loan, a 25,000-dollar RV loan, and \$10,000 in credit card debt. Put plainly, they're overspending, and instead of doing something about it, Brad alternates between being stressed out with money, and then going and buying whatever he wants. So, today, we're going to pick up where we left off last week and we're going to try to develop an actual plan for their finances. As you listen today, I think you will find a lot of their objections and a lot of what they go through very relatable. Let's do it.

Let's start with the debt, okay? The good news is you have a little bit of breathing room. That's the good news. The bad news is you think you have more breathing room than you actually do, and the way that you think about it is you're playing a lot of gimmicks with yourself. You're basically bullshitting yourself. When you don't have enough money, it doesn't matter if you purchase it one way or another, you're purchasing it. You can get an 18-month 0% card or you can buy it with cash, you still bought it. So, what does it matter how you purchased it?

Becca: [00:03:38] Monthly payments.

Brad: [00:03:40] Monthly payments.

Ramit Sethi: [00:03:41] It's all moving money from here to there, and 0% interest, but we need to put it on our calendar, so we don't forget, it's all gimmicks. You're just stressing yourself out. You know what's better than all those gimmicks? Not having debt. How about that?

Brad: [00:03:55] Yeah.

Ramit Sethi: [00:03:56] And you know what's even better than that? Actually saving money aggressively for retirement, for investments, and even for, yes, a new vacation. That's awesome. And then, you know what's the best is when you go on this vacation, you've already talked about it, you've built in a buffer, so you can stay an extra night, or you can have a nicer meal, or surprise your kids, and you don't have to stress, because you already built in that buffer. That's the best. Okay. But you're not thinking like that. That's more sophisticated thinking. That's forward-looking thinking. What you're currently doing is all reactive thinking. Where do you want to go? What's the destination?

Brad: [00:04:36] The destination is not having any debt.

Ramit Sethi: [00:04:39] Okay. Debt-free, that's just getting to

zero. **Brad:** [00:04:43] Yes.

Ramit Sethi: [00:04:43] I like that, but let's be a little bit more ambitious. Nobody wakes up in the morning and says, yes, zero dollars. Let's dream bigger than that. Where do you want to get?

Brad: [00:04:53] I want to get to a place where we have the savings to pay for the things that we want, that we are able to plan trips with and without the kids, that we're able to do the things that we want around the house, potentially pay somebody else to do it so that it's done all the way in a good amount of time.

Becca: [00:05:20] Obviously, debt-free, to be able to spend the money that we work hard for without having to agonize over it.

Ramit Sethi: [00:05:27] Alright. Brad, look at your debt. What can you do about it?

Let me remind you about their debt. Student loans, 600 bucks. Credit cards, 9,500. RV loan, \$25,000. Auto loan, \$35,000. That's the truck. And mortgage, \$290,000.

Brad: [00:05:51] We've made a plan to pay it off, so the first part is paying off the credit card debt that does have interest being charged to it.

Ramit Sethi: [00:06:02] Okay. You're going to pay 9,500 bucks off before the end of the year.

Brad: [00:06:05] Yes.

Ramit Sethi: [00:06:06] Fine. What else?

Brad: [00:06:07] Student loans will be paid off in a few months once I have to start paying them again. That \$600 has been sitting there since the beginning of 2020.

Ramit Sethi: [00:06:17] Yeah. What else?

Brad: [00:06:18] Start building a savings for the things that we want by taking the money that we use to pay for credit cards and putting it in savings.

Ramit Sethi: [00:06:29] Okay. What else?

Brad: [00:06:31] I can't think past that.

Ramit Sethi: [00:06:33] There's nothing else on this page that you could

do? **Brad:** [00:06:36] Get rid of the truck?

Ramit Sethi: [00:06:37] What would happen if you did that?

Brad: [00:06:40] I'm not worried about getting rid of the truck, it's the RV that I'm worried about getting rid of.

Ramit Sethi: [00:06:44] Because what?

Brad: [00:06:46] Because I think in order for me to get rid of it, I would have to take a

loss, financially. I don't think that we're going to be able to get what we owe on it even though it's only a year old, so that kind of feeds back into me feeling trapped, because I feel like I can't get rid of this camper, because we're going to lose even more money.

Ramit Sethi: [00:07:07] So, instead, you want to keep paying \$25,000 just because

Brad: [00:07:13] Well, the kids like it. We do have a good time.

Ramit Sethi: [00:07:16] Do the kids like that their parents are stressed out and arguing about money?

Brad: [00:07:19] He just turned six.

Ramit Sethi: [00:07:20] Six-year-olds are pretty smart. Becca, do you think that your six-year-old ever picks up on the stress?

Becca: [00:07:26] He picks up on the tone of the house. That turns into arguing. In little kids, that turns into, "Mommy, I just love you. Daddy, I love you." And you can tell that he's picked up on something, because he's not playing and joking anymore, he's turned serious, and needs to let us know that he loves us, and he wants to snuggle and do those types of things. I think that's his response to it.

Ramit Sethi: [00:07:54] When I look at your numbers, my wish for you is that the two of you could provide an amazing, rich life for both of you and foster a way of teaching how to live a rich life for your kids. What a tragedy if your kids grow up and they repeat the same thing about, "Oh, I can't pay somebody to mow my lawn", so they're always playing small. You make over \$100,000 a year, that's a lot of money.

And I'm not telling you, you have to go out and hire someone to mow your lawn. I'm not saying that. In fact, if anything, maybe you should do it yourself. Okay. But what I am saying is you've hitched yourself to so many things, an RV, credit card debt, that you are forced to play small. I mean, the two of you are not talking about your rich life at all. It's just like, "I want to get to zero, I want to stop fighting about money, I just want the pain to stop".

Becca: [00:08:55] 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: [00:09:16] Yeah. And how did that conversation go? What happened after you said that?

Becca: [00:09:21] It always goes really well for like a week, and then kind of we're on loop.

Ramit Sethi: [00:09:28] Yeah, you spend. Do you know why that happens? Do you notice what you said? When you talked about your rich life, can you recite that back to me again? I don't, what was that?

Becca: [00:09:39] I don't want to worry if he's going to ask me about it later.

Ramit Sethi: [00:09:42] Your rich lives right now are all about what you don't

want. **Becca:** [00:09:47] Yes, it's coming from a place of lacking.

Ramit Sethi: [00:09:49] Exactly. You two have no vision. It's all about, I don't want this, I don't want you to argue, I don't want that. Of course, you're not going to stick with it, it sucks. There's no vision. It's just getting away from pain. And as he pointed out, when things become painful, Brad, what do you do?

Brad: [00:10:09] I don't look.

Ramit Sethi: [00:10:10] Exactly. Close your eyes and ignore it.

Becca: [00:10:13] My rich life has looked different than his because I think he never

really envisioned a future without credit card debt, and I've never really had credit card debt, so my future never included credit card debt, or really, debt in general. My rich life probably involved more travel, and more going and doing, whereas I think is a difference in upbringing, his included televisions and nice cars. I will drive the same car into the ground, it does not bother me for people to look at me. I would rather take a trip to Europe, and pay for it, and enjoy it while I'm there, because I'm not worried about if I spend an extra dollar.

Ramit Sethi: [00:10:56] What do you think about that, Brad?

Brad: [00:10:58] I agree. I think that's what I want, too.

Ramit Sethi: [00:11:02] You agree, but when I'm looking at the page, I see an expensive truck, an RV, debt. I see exactly what Becca just described.

This is a really important moment. You'll notice that in most of my podcast episodes, including this, I rarely tell people what to do. In this episode, until now, I've just been listening a lot. That's because if I told them exactly what to do, they would nod, they would say okay, and then about five days from now, they would start to completely ignore my advice. They have to come to the answer themselves. Not me, them. In order for that to happen, my job is to listen, to help them get out of their heads, to focus on the key issues, and then to help them come up with a solution.

Truthfully, I can't do it for them. I know the right mathematical answer, but the whole point of what I've been trying to share with you is that a rich life is more than math. In fact, if they decide to make zero changes, I'm fine with it. It's Brad and Becca's life, not mine. I can offer guidance. Occasionally, I can even suggest specific things. But ultimately, they have to want to make a change. This is self-development, and this is why it can be so hard, but also so rewarding.

Your spending tells your story and your spending tells me a very clear story, which is you are on a certain path. Option one, stay on the path, you can do it, it's your money. Option two, you can make minimal changes, you can try to chop off a little bit here and

save fifty dollars there. You'll probably do okay. You'll save a little bit. My guess is it won't do much and you will continue being stressed out about it. Or option three is you can make some radical changes and it will be difficult because it will shock you out of your current patterns.

And your first reaction will be, "I can't do that", but you actually can. And if you make those changes, you may give yourself the opportunity to have a clean slate and to say, "What kind of life do we want to create going forward? We don't just want to get to zero. No, we have a bigger dream than zero. We want Europe. We want to get a glass of champagne. We want to be able to do these things without having to worry about it. And we also want to be prudent. We want to invest. We want to save. We want to put ourselves in a position where if something bad happens, we're okay." So, those are your three options. What do you want to do?

Brad: [00:13:48] Option three.

Ramit Sethi: [00:13:49] Okay. Great.

Brad: [00:13:50] I think we've tried option two in ways, but cutting out the lattes doesn't do it. Well, I tried to save money by buying an espresso machine, because, hey, after 100 espressos or lattes, we're saving money.

Ramit Sethi: [00:14:11] Yeah. How did that work?

Brad: [00:14:12] It's nice because

Becca: [00:14:12] The lattes are good.

Brad: [00:14:13] The lattes are good, I can have one whenever I want, but it didn't fix the problem.

Ramit Sethi: [00:14:16] No, it didn't. Your checking account is still exactly the same, isn't it?

Brad: [00:14:20] It is.

Ramit Sethi: [00:14:20] That's right. Brad, you're going to have to be proactive in this. When it comes to money, I don't know if you've been more passive in certain areas, but in every relationship, oftentimes, one person will take the lead on taking out the garbage, or doing the dishes, or whatever, and the other person either doesn't do it or they just minimally help. I think, Brad, what you're hearing is you're going to need to really take a proactive role in this, okay?

Brad: [00:14:46] Yes.

Ramit Sethi: [00:14:46] And you better think about what that looks like tangibly. I think you have the answer inside of you. I'm looking at your numbers. What do you think you need to do?

Brad: [00:14:53] One thing that comes to mind is look for a higher paying job.

Ramit Sethi: [00:14:58] Okay. How much could you get paid knowing the market right now?

Brad: [00:15:02] Probably 50% more.

Ramit Sethi: [00:15:04] 50%? So, you can go from 105 to 150?

Brad: [00:15:08] Probably, if I moved to private sector.

Ramit Sethi: [00:15:12] That seems pretty good to me.

Brad: [00:15:13] It does.

Ramit Sethi: [00:15:14] So, alright. I'm putting a pin in that. That's a great solution. That would solve a lot of these financial challenges. Okay. How can you do that in a way that is regular, and that Becca would see that and feel good about your actions?

Brad: [00:15:30] Show her that I'm looking for new jobs, that I'm applying for jobs, that I'm interviewing for jobs, talking to her about it.

Ramit Sethi: [00:15:38] Great. Love it. Perfect. What else?

Brad: [00:15:41] Look at areas that we could trim some of the fat.

Ramit Sethi: [00:15:43] Well, let's look at it right now. It's in front of us. Go ahead.

Brad: [00:15:48] Selling the truck and selling the camper.

Ramit Sethi: [00:15:51] Okay. There is a good guideline for this called the 28/36 rule. I bet you never heard of this. This is a much more sophisticated rule. You can Google Ramit 28/36 rule. And what this says is you should spend less than 28% of your gross income on your housing and less than 36% on all of your debt combined. That means you can afford basically \$36,000 per year on total debt, mortgage, car, everything. I don't even want to see it that high. I want to see it lower because I want you to have some breathing room. Back of the napkin, I'm going to guess, if I were in your position, I would be thinking about like 25,000 bucks.

Brad: [00:16:39] We should have never bought a new car. Would I like to one day? Maybe, but I know that it's not for us right now.

Ramit Sethi: [00:16:47] Yeah, save for it. You can do it later. No big deal. But not today.

Brad: [00:16:49] Alright. So, used, for sure. And maybe even a place where we get a truck that can still pull the camper so that that's not something we have to give up, too.

Ramit Sethi: [00:17:01] Because what? Because if you had to give up the camper, what would that mean?

Brad: [00:17:06] For me, it's what the kids enjoy. They love that camper. They love the

trips that we take on it. We do have good times on it. And I think that if I didn't have the stress around the payments, that I would enjoy it more, too. If we could have paid cash for it, and I didn't have to think about all the the payments and the extra costs that you don't think about when you're buying it, I'd enjoy it more.

Ramit Sethi: [00:17:37] Can I tell you a secret?

Brad: [00:17:39] Yes.

Ramit Sethi: [00:17:39] If you had all this stuff paid off right now, today, you would still be stressed out taking your next vacation.

Becca: [00:17:48] Does that sound familiar, Brad?

Brad: [00:17:50] Yeah.

Becca: [00:17:51] That's been what I've been preaching to him. We can pay off the credit cards, we can pay off your truck, and we're still going to come back around to this, because it's just how you're wired with money right now.

Ramit Sethi: [00:18:02] Well, hold on. I agree with everything, except for that last part. When you tell somebody, that's how you're wired, what you're telling him is you're going to be like that forever, so you might as well give up, there's no way to change. And how do you think somebody receives that message?

Becca: [00:18:17] Not the way intended.

Ramit Sethi: [00:18:19] Yeah, exactly. If you said that to me, I'd be like, "Well, then screw it. Give me two campers, because I might as well have some fun if I'm always going to feel stressed, at least I'll have two campers."

Becca: [00:18:28] That's not how it's intended. It's more intended of if we put in the work, we can get past the anxiety, but it's not going to come down to credit card debt and debt in general. There's more to it than that.

Brad: [00:18:39] I think she's right. We talked about how even if we had a clean slate today, it's not likely that it's going to change the way I feel about it, feel about money. And it is a fear of mine, but it's also a fear of Becca's, because it's working so hard to get to zero, which is already depressing enough on its own, but then not feeling any weight lifted off your shoulders.

Ramit Sethi: [00:19:08] You mentioned you used to play soccer, so you know what it's like to be an athlete. When you think back to playing, was soccer only about winning the game?

Brad: [00:19:24] No.

Ramit Sethi: [00:19:25] What was it about?

Brad: [00:19:27] It was about playing the game, doing something that you loved.

Ramit Sethi: [00:19:30] Yeah. And who did you play it with when you played

soccer? **Brad:** [00:19:36] My teammates, my friends,

Ramit Sethi: [00:19:37] You still remember those guys?

Brad: [00:19:39] Oh, yes.

Ramit Sethi: [00:19:40] Yeah. That's the joy of it, right? Looking back, and thinking about all your friends, and that one time you had to play in the rain, and everyone was getting muddy. Yeah, of course, it's nice to win, but sometimes, you just as well remember the times you lost, but you lost with your friends. Do you see that there's a similarity here? This idea of getting to zero, that's actually not the point. You can get to zero right now if you want. Cash out some of your retirement and pay it off. I wouldn't do that, but you could if you wanted, but you're not going to feel any differently at zero. You're not even going to feel any differently when you have 100K, because you have more than \$100,000 in your investment accounts.

It's thinking about, "What do I want my experience along this journey to be? Do I want to be stressed? Do I want to always be thinking about what can go wrong? Staying on this small trajectory and being comfortable with having credit card debt or do I want to say, 'You know what, actually money can be fun?'" And, "Yeah, Becca, I do want to do champagne without having to worry about it, but you know what, Becca? Here's something I want to do for us that we never even talked about. This is what gets me going." Do you see the connection to when you used to play soccer?

Brad: [00:21:03] I do. She tells me all the time, stop and smell the roses. It's about the journey and not the destination.

Ramit Sethi: [00:21:13] That's why I don't mind if you decide, "I want to mow the lawn". Great. If you want to do it, great. One day, when you can afford to pay somebody, if you decide not to do it, also great. It's totally up to you. You want to build a shed? Great. You want to buy it? Also great. It doesn't matter to me. The point is that the two of you decide together and you decide with a vision in mind. So, let me give you an example of my rich life.

First of all, I'm not building a shed. Okay. In fact, in my rich life, I don't even have a hammer, because I don't want to build anything. Okay. That's my rich life. But I like to iron clothes, so I'll iron my own clothes, because I like it, and I'm good at it, and it's relaxing, right? Again, I could pay for somebody to do it, but fine. The point is not, should you hire somebody, or can you afford this or that? Yes, we do need to obey the numbers, we need to have a sense and competence around numbers, but more importantly, what do I enjoy?

Now, let's go back to your debt. What I notice is you are still playing in a small way. What I notice is you're looking for a way to get out of making tough decisions. Do you notice that, Brad? Okay. So, the things that I notice that are great, you're like, "I'm paying off the debt for credit cards, I have a plan. I'm paying off the debt for my student loan, I have a plan." That's great. You did mention you could go down from a truck to another truck, but if we're realistic about it, how much would you pay for another truck that could pull your RV? How much would that truck cost?

Brad: [00:22:56] It'd be tough to get something that's 25,000.

Ramit Sethi: [00:23:00] How much would it cost?

Brad: [00:23:01] Probably between 30 and 40.

Ramit Sethi: [00:23:05] So, let's say 40. So, basically, you're making zero change with your finances, because you take a 50K truck, you sell it for 40, and now, you've got to buy a 40. In fact, if anything, you're going to spend \$2,000 more on all the licensing and whatever. Doesn't really get you anywhere, does it?

Brad: [00:23:22] No, a truck that I like less.

Ramit Sethi: [00:23:25] Yeah, exactly. What a great insight. A truck that you like less, so now, every day you wake up, you go in this truck that you don't even like, and four or five times a year, you're pulling your RV, and you go, "Nothing changed in my bank account. This sucks. Ramit sucks. This life sucks. I hate this. I'm going back to the way it was, because at least back then, I had a good truck." I don't want that for you. I want you to get to zero. I want you to get better than zero. And more importantly, I want you to feel really good along the way.

But feeling good doesn't always mean buying the things you want right now. You've nailed all the big options you have. "Okay. I would sell the truck, because I would also sell the RV. So, if you don't have an RV, you don't need a truck. What kind of car would I get then?" Doesn't really matter to me. Whatever's \$25,000 and works for your family. If you do that, you mentioned something really smart, the gas price goes down.

You have 400 bucks a month in gas. You start to see that when you buy things, they have their own hidden costs that come along with it, and that's what traps you. Yeah. I did want to say one thing about the RV and the camping trips, because both of you expressed how you really love taking the kids and going camping, and I anticipate that after this call, and in the coming weeks, as you discuss this and make a plan, it's totally predictable and inevitable that you will both face resistance.

Okay. Your minds and your dynamic in your relationship will want to bring you back to, "You know what, we don't need to do that, let's just make a couple of minor things, and we got the tax return coming, and it'll be fine." Okay. Again, it's up to you. Option one, two, or three, it's totally up to you. I will say this. I want you to really think creatively. If I were in your position and I absolutely love taking my kids camping, I would just rent an RV for one of the kids' trips, and I would involve like, "Which ones do you want to choose?"

Whatever. I would make it a whole fun thing so that they felt part of it, especially the older one. They don't have to know that, "Oh, mom and dad are selling this thing, because financially, it doesn't make sense". Older one says, "Wow, I get to choose which one to get or I get to ride in a new one? That's so cool." This can be an opportunity for you to let go of the past way of looking at it. "We have to have our own camper and truck in order to go camping", which costs like over \$70,000 all in versus, "Let's rent this thing for 1,500 bucks, and we'll have a nice weekend, and give it back, and we don't have to do any maintenance on this". Done.

So, just remember, as you go forward in the next days and weeks, you're going to want—from deep down, you're not even going to know where it's coming from, you're going to want to not make big decisions. "We want a rich life. We want to be able to go to Europe", right? "And in order to do that tomorrow, here are the things we need to do today."

Brad: [00:26:47] Alright.

Ramit Sethi: [00:26:48] Alright?

Brad: [00:26:49] Yeah, you're right. I mean, not even just from our children, but I know that we'll see resistance from the guys with the trucks.

Ramit Sethi: [00:27:00] Totally. What are they going to say to you?

Becca: [00:27:01] They'll pull at the heartstrings, "You're not going to do that for your kids or our kids are there".

Brad: [00:27:07] You're taking away time from the cousins.

Ramit Sethi: [00:27:11] So, how are you going to respond to that?

Becca: [00:27:13] I'll probably cry. No. I'll probably say, "Sorry, that's what we have to do", and then I'll go in the back room and cry.

Brad: [00:27:23] It's tough because you want to give—I mean, that's what it is. If it was just Becca and I, I don't think we'd have any issues going and selling it tomorrow, but you don't want to disappoint kids in that way, especially if it's something that they love. You're exactly right. I think we both like owning our own things, but why not rent one for two months payment on just the truck alone?

Ramit Sethi: [00:27:50] Remember, your kids have no concept of ownership. They don't care. All they care about is being able to go do something cool with mom and dad. And it literally could be playing on a rock in a park. And of course, it could be going with their cousins once a year. What I would like to see you do is do these big moves first, stabilize, and then the two of you have a really pleasant conversation. You go, "Oh, my God. First of all, all of our debt is now paid off. Our student loans are gone. Our credit cards are gone. We have 10 to \$25,000 in our savings account, because of our tax return, because of additional cash flow every month from not having to pay off credit cards and all this gas", what are you going to do at that point? How would you feel if you had that conversation three months from now?

Brad: [00:28:41] It would be incredible to actually start thinking about a rich life outside of getting to zero.

Ramit Sethi: [00:28:50] Yeah, so uninspiring.

Brad: [00:28:53] It is.

Ramit Sethi: [00:28:54] Sometimes, the uninspiring stuff, you have to do it, but sometimes, if you can, you get through it as fast as possible, because on the other side of that is a truly joyful journey that you two can take together. So, paint a picture for me. Here you are, who is the one who brings up this topic to the other person three months from now?

Brad: [00:29:17] Probably me.

Ramit Sethi: [00:29:18] Mm-hmm. Why is that?

Brad: [00:29:22] Because it's me showing Becca that I hear what she's saying, and then I'm making an effort to change that, to change the way I think about money, feel around money so that it's not negatively impacting her and how she lives her life.

Ramit Sethi: [00:29:38] Beautiful. In fact, Brad, why don't you ask Becca how she would react to that conversation? See what she says.

Brad: [00:29:45] Becca, how would you feel if I came to you in three months to show you the changes that I've made and that we've made together to improve our relationship moving forward?

Becca: [00:30:04] I probably wouldn't know how to respond. I'd probably just giggle, laugh, and then say, "This is great."

Ramit Sethi: [00:30:14] Okay. Talk about it. What is your rich life? Get specific, please.

Becca: [00:30:18] So, my rich life includes tons of travel. But like this year, I guess my rich life would be even just little weekend getaways. I love going to the mountains and things like that together as a couple, and then also taking the kids like hiking, going somewhere and staying at like an Airbnb or something like that that we can experience things.

Ramit Sethi: [00:30:38] So, you want to go as a couple. How many couples trips do you

want to take this year?

Becca: [00:30:41] I would love to go on three or four. Doesn't have to be far.

Ramit Sethi: [00:30:45] Is that realistic? You can do it, child care, all that stuff, you've done this before?

Becca: [00:30:50] Yeah.

Ramit Sethi: [00:30:51] Great. Now, the kids' trips, you want to take the kids, too, for some separate trips. How many times a year?

Becca: [00:30:55] I think it would depend on what the trips were. And I like to take them somewhere at least once a month. But like you said, it could be a day trip, it could be 20 minutes away, it could be an overnight trip, it could be a three-day trip, but just something. I'd like to go and do something that gives them an experience they wouldn't normally have.

Ramit Sethi: [00:31:17] Yeah, I guess I'm not counting things like taking them to a park for the day, because that's just a normal day-to-day thing. I'm talking about something that would cost money.

Becca: [00:31:27] A couple of times a year would be good.

Ramit Sethi: [00:31:29] Great. What else, Brad, is on your rich life for this year?

Brad: [00:31:32] We've talked about going to Jamaica. Once our youngest hits a year, I want to fly to Jamaica. I'd like to look at business class, want to pay for a shuttle service, and I want to eat good food, spend time with friends, and not worry about how much anything is costing, because we saved up for it and it's all paid for already.

Ramit Sethi: [00:32:01] Okay. So, how does your vision of Jamaica fit into Becca's vision with her trips?

Brad: [00:32:10] I think that it could count as one of the four trips that we do

together. **Ramit Sethi:** [00:32:16] What do you think about that, Becca?

Becca: [00:32:17] Yeah.

Ramit Sethi: [00:32:18] Yeah, sounds pretty good. Okay. That was a very positive experience, listening to the two of you smile, and share where you want to go, and talk about, "Oh, let's take the kids here, but you know what, I want some time with you". I love that. Did you both feel the positivity in that conversation?

Becca: [00:32:35] Yes.

Becca: [00:32:36] Yes.

Ramit Sethi: [00:32:36] Yeah, it's very different to talk about what you want to do with your money positively, affirmatively, versus what you don't want to do. Isn't there a big difference?

Brad: [00:32:48] Absolutely.

Becca: [00:32:48] Yes.

Ramit Sethi: [00:32:49] Right. So, all the things you said sound amazing. I actually have a lot of confidence that you will be able to do that rich life vision in maybe two to four years, but in order for you to do that, your income would need to be substantially higher and your savings would need to be substantially higher. So, that's okay. That's totally fine. I want to point out a pattern that I've seen, which is that if you try to do a whole bunch of stuff, it starts to trap you and the tail wags the dog. So, imagine if you were to go on these four trips and two trips, you'd be right back in debt. So, what's a better approach, in my opinion, is do fewer things but really make them special. Maybe it's not four trips, maybe it's one really special trip.

Becca: [00:33:42] I think it's easy. I know what it would be for me. It would be, like you said, to save up for one large trip, we just have to decide if that is Jamaica for Brad's vision or if it's closer to home, but maybe just as long. It's doing the one trip, but it's also doing things that cost less, where we can still take the children and do things, but it can be things that cost less money. It could be a day at the park.

Ramit Sethi: [00:34:09] Good. I like that. And you know what, when you have these one or two really nice things per year, I have to tell you, when the two of you are on the same page and you start talking about it, you're pulling up pictures of the camping trip, or maybe it's Jamaica, you're talking about it, half the fun. At least half the fun is in talking about it, getting excited. "Oh, my gosh, the hotel has three pools".

And then, when you get there, it's even better. So, my point is we don't have to always just inundate ourselves with stuff. You could go to Jamaica today. You could. We should be honest about it. We shouldn't lie and say, there's no way, you can't afford—you can go if you want, put it on your credit card. Nobody's going to stop you. Deep down, if you're putting it on credit card debt, you cannot afford it.

And you know what, it's actually okay to admit that you can't afford the lifestyle you want right now. To me, I actually find it great. There are things that I want, that I have a plan for, I'm saving for years, in some cases, decades, to get, and I love it. It's my soccer game for me. It's the joy of, I set an intention, I made a plan, I set up an automated savings or investment plan, and every month, I see that number going up. That's my joy.

You know what, I actually don't even think you care about some of the things you think you do. "Ownership, do we need to own this RV, which means we need to own the truck, which means we need 400 bucks a month on gas? Maybe or maybe we can go to Jamaica instead and actually save 15% of our gross income every year." That sounds pretty good to me, too. Your cousins and relatives are going to say things, I like both of your responses, I would like it even more if the two of you are unified, if the two of you look at each other, and what would you say that shows you are a team? What would you say?

Becca: [00:36:12] We have decided this is what's right for our family.

Ramit Sethi: [00:36:15] Oh, so good. We, we've decided. Yes. How can you argue against that? You can't. "We'd love to see you, we're going to see you in October, but this is what we've decided for our family." You can do all these things, but it becomes exponentially better when you and Becca are aligned, where she feels like, "I got a teammate who I can trust".

Brad: [00:36:42] I will admit, it's tough to hear you can do what you want, but not all of it. It's really difficult to accept the fact that as much as we do enjoy things like the RV, that we can't afford it. It's hard to say. I've never felt like I couldn't afford what I wanted, which I guess that's not true, because I'm always complaining that I can't afford things, but if I really wanted something, we found out a way to make it work, even if that meant going into debt, and that's not the right answer. In order to ever have that chance to be able to afford it, these are the things that have to be done now. And by making some changes, we can get there. Two to four years sounds like a long time, but it's really not.

Ramit Sethi: [00:37:29] Oh, yeah. I couldn't have said it better myself. When you two are rowing in the same direction, you start going faster than you ever thought you could.

Wow. This was a fascinating episode because it describes tens of millions of people in America who are stuck. They're stuck with their finances, stuck in their socioeconomic status with nowhere to go except perhaps down. What's interesting, though, is if you think about these people, a lot of them still have a nice car, excuse me, a nice truck, a lot of them still take a nice vacation every so often, but they still feel trapped.

Of course, income plays a part, structural expenses like housing and health care play an increasingly larger role, but there's also the stark reality that a lot of people just spend more than they can afford. And little by little, they surround themselves with so much stuff that they can hardly breathe. This is how they get stuck with the possibility of never increasing their socioeconomic status.

Think of all the clues we saw today. Brad takes a passive approach to his money. His parents did the same. He and his wife are surrounded with people who buy expensive trucks and are in debt, so they think it's normal. Brad and Becca don't talk about money proactively, only when there's a fight. They focus on monthly payments, not the total cost of ownership. And they use all kinds of financial gimmicks, like 0% transfers, instead of tackling the root cause.

Finally, and most importantly, they have no vision, no rich life vision, whatsoever. It's just buying stuff, and then worrying about it later. Guys, this is no way to live. A rich life is about more than getting to zero. And it's about more than buying some cool stuff for your house. It's about having something inspiring that tells you why you're working so hard. Where are you going? What do you both want to do together? What's this all for? And part of that rich life is being honest, honest with yourself and honest with others. In this case, if you can't afford it, you don't buy it. I hope this has been eye-opening for you, I know it was for me. Thanks for listening to I Will Teach You To Be Rich.

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