

I Will Teach You To Be Rich podcast Episode 31:

Lindsey and John (Part 1)

Lindsey: [00:00:03] I know. It's a shit ton of debt, but it doesn't scare me, I'm not going to run away when I see, oh, my God, he's got \$200,000 in debt, I'm not going to go, I'm done, forget it, I wish I never married you. I knew that going into it, but he's ashamed, and stressed, and wants to take care of it himself.

John: [00:00:25] My debt is not her problem, and my debt is, it is what it is. I feel super overwhelmed, and like out of like zero to 10, I'm like an 11 right now. Like I'm a super positive guy, but when I think about that shit lately, I'm just like, holy shit. Like I'm not a fucking burden, I'm not here to be anybody's burden, I'm good, I'm not your money bitch, like I'm not your money burden.

Ramit Sethi: [00:00:49] How do you handle money if you and your partner are on completely different pages? What if one of you earns more than the other? What if one of you has more debt than the other? And what if one of you simply refuses to make a plan about how to handle their debt? Well, today, I'd like you to meet John and Lindsey. And before we get started, I want to just admit that in today's episode, John talks over me a lot. In fact, the audio quality isn't particularly great, but I needed to post this episode because our conversation is so fascinating.

So, thank you in advance for being patient about the audio quality. Please trust me, because I believe it's worth it. Now, you'll notice that John was already combative about his financial situation. He emphasizes that he doesn't want to be a financial burden, but here are the facts. Lindsey and John are recently married. Both of them were previously married, and they have five kids between them from previous marriages. Together, they earn about \$150,000.

That's \$90,000 from Lindsey and \$60,000 from John. But John also has \$125,000 of debt, and half of his income goes to child support payments. This is a complicated situation. And Lindsey reached out to me because she recently started earning good money and she wants her lifestyle to reflect that, but she is frustrated because John won't make a plan to take care of his debt. Listen in as I figure out what's going on here. I'm Ramit Sethi, and this is I Will Teach You To Be Rich.

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Lindsey: [00:02:43] I really was naive in my previous marriage and just kind of was—I was the stay-at-home-type mom and just every career move I made was for my three kids. And then, when I went through the divorce, I realized I can't count on him to support me. I really want to take like an awesome vacation. I want to know, okay, so I'm making good money now, so what do I do with that? How do I set myself up to be able to take a trip with all of our five kids, or just John and I, and not have to worry about a dinner bill or taking the kids for an extra trip to like bumper cars or something like that?

Ramit Sethi: [00:03:26] Do you think you can do that right now?

Lindsey: [00:03:27] I hope I can, but it would take a lot of planning.

Ramit Sethi: [00:03:31] Why?

Lindsey: [00:03:31] I guess I'm not setting myself up to set aside money, maybe, for that dream trip.

Ramit Sethi: [00:03:37] If you wanted to, could you?

Lindsey: [00:03:39] Yes.

Ramit Sethi: [00:03:39] What's stopping you?

Lindsey: [00:03:40] Anxiety like that we would overdo it, maybe, that I'd get myself in a financial—I would probably have to charge some of it. I don't have enough in savings to bring us all to a vacation. So, if we were to plan a vacation, I would probably have to charge some of that, and that gives me stress about paying that off in the future. I want to do it and pay it up front.

Ramit Sethi: [00:04:03] Okay. John, what about you?

John: [00:04:05] So, the money in our relationship, I would say, is, so now that we're coming together, it's like I don't want to be—I want to be an asset, I guess, I don't want to be a burden, as far as with like student debt and such. So, I don't know, I just want to

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make sure that I'm like pulling my weight as far as that goes. I just want to make sure that we're equal, and as far as like when we merge accounts, I want to know how we're going to merge accounts.

Ramit Sethi: [00:04:34] How much debt are you coming into the relationship with?

John: [00:04:36] Probably 33 now in credit card debt and a hundred and something in student debt. It's crazy.

Ramit Sethi: [00:04:47] A hundred and how much? 101 or 199.

John: [00:04:50] I think it's 95,000, right? Something along those lines. Yeah.

Ramit Sethi: [00:04:56] How do you feel about those numbers?

John: [00:04:57] I feel super overwhelmed, and like out of like zero to 10, I'm like at 11 right now. Like I'm a super positive guy, but when I think about that shit lately, I'm just like, holy shit.

Lindsey: [00:05:09] He acts like, "Oh, it's cool. I just want our kid—we're good, we're good", but it kills him inside to think that I'm going to help us get out of debt or that he's going to have to have a conversation with me—and let me finish, I love you, but that we've been putting this conversation off about how much of my paycheck or how much extra overtime do I need to work to help him get out of this debt? And we've had multiple conversations like, let's sit down tonight, let's have a conversation, show me your credit cards.

Ramit Sethi: [00:05:51] This is so common. Couples talk about having a conversation, but they never actually do it. Even when we get on a call together, they're still talking about having a conversation. I'm like, let's have the conversation right now, I'll stay here all night, but they are stuck in a loop. They talk about talking because that's what they know how to do. It gets them nowhere. But most people would rather be stuck and comfortable than try something new, which is potentially risky. That's true in fitness, true in money, true in work, and true in relationships.

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John: [00:06:33] Right now, in my mind, I have my money and she has her money, and right now, I'm thinking, and she's doing great, which is great, and I'm doing great, too, but I'm also putting—so recently in May, my child's—jacked up like 250% and I just put it on the credit card, because I can't just go, sure, I have an extra 800 bucks a month.

Ramit Sethi: [00:06:59] Hey, John, I don't think you're doing great.

You'll notice that 20 seconds ago, John said, "I'm doing great, too", but that is simply not true. John has a huge amount of debt. He can't afford his lifestyle. And as you're going to hear soon, his situation is even more complicated than he's let on. Part of living a rich life is being honest, honest with yourself and honest with the people around you. And in John's case, it's important for him to acknowledge that he's not doing great.

This isn't me trying to make John feel bad. People have a tendency to minimize their problems, "Well, I have a little debt, but at least I'm not as bad as her". And people will even send me an application for this podcast and they will tell me in the application, "This is a 10 out of 10", but as soon as they get on the call, the first thing they say is, "Well, it's actually not that bad". Guys, if you want to live a rich life, you have to acknowledge where you are.

Sometimes, if you're starting off in your career, it means you're at the bottom. You might have to fetch coffee for other people. Fine, acknowledge it. Similarly, when you get to a great financial place, it's also important that you're honest about that. Remember, in a previous episode, I talked to multimillionaires who still comparison shop for strawberries. That's also not being honest with yourself.

So, for John, I just interrupted him to say, I don't think you're doing that great. It won't sink in for a while, because if you notice, he's running on autopilot, he's spinning, he's talking over me, and he's repeating the same issues over and over. Let's see if he can stop, take a breath, and get honest. The first step is to understand where the money is going. Now, together, they make pretty good money, even with John's child support payments. Where is the money going?

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Lindsey: [00:09:06] We spend our income. I love to make runs to Target. I love to have a subscription to my like Young Living and like a facial product. I mean, I can spend money very easily. We like to go out to dinner once a week. We took our kids snowboarding just the other day and actually got into an argument, because I was worried about spending the extra thing, but we ended up doing it and having a great time. So, I mean, those are important, too. I want to be able to spend some money. I do have some money to be able to take the kids, all five of them, snowboarding. We have plenty of wiggle room between the two of our income to really pay down some debt.

Ramit Sethi: [00:09:48] What is the central question that both of you are trying to answer today?

John: [00:09:52] How do we merge our incomes, and our assets, and our debts together so that we can achieve our short-term, mid-term, long-term goals?

Lindsey: [00:10:02] How do we merge our money together to help John break down his debt so we can build up a financial cushion?

Ramit Sethi: [00:10:12] Okay. So, this is interesting. First of all, both of you have different questions. That's pretty interesting. We're not even talking about the same question yet, which I suspected. Two, I noticed that both of you automatically jump to the conclusion that you both have to merge your finances.

John: [00:10:29] I would say to live the level of like, oh, let's get a bottle of wine or let's go out to dinner, yeah, it does, because I'd be like, alright, because I'll be like, okay, you have the money, have fun, I'll be here because I don't, or whatever, which I'm fine with. I love staying home, but like I don't want to like have a split life.

Lindsey: [00:10:51] I think in order to live the life that we want to have, we need to start paying down some of the debt that John keeps accruing, because when we talk about retirement or living a long life together, I want to get rid of some of that stuff so we can fresh start, kind of.

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Ramit Sethi: [00:11:09] Okay. John, what do you think about that? It seems like Lindsey is putting your debt higher than even you are.

John: [00:11:16] I hate it so much. I hate it so much. It's not her problem, and it never should be.

Ramit Sethi: [00:11:23] John, you're going, "I hate it, I don't want her to have to worry about my debt", but that doesn't make it go away. I mean, you have over \$100,000 of debt. You guys are married now.

John: [00:11:34] So, I've been begging her to talk to me about it.

Ramit Sethi: [00:11:38] Okay. Let's talk. Go ahead. Start the conversation.

Lindsey: [00:11:40] I got Ramit here on the freaking Zoom, how much more can I clear, let's talk about it and try to figure it out-

Ramit Sethi: [00:11:50] Yeah. Well, I'll tell you what, we're here, so why don't we talk about it right now?

Lindsey: [00:11:54] I feel, John, we've made it this far. I married you with your debt, and maybe, Ramit, you can—breaking nuts and I should have signed a prenup or whatever, but I really could live in an RV retirement. Like it would feel good to me just to be debt-free to have something together, our kids healthy, happy, and not have \$100,000 laying over your head. So, if that means I treat us both to dinner and I pay, great. If that means we say, "No, we're not going to go to dinner tonight, because we're going to hit-", whatever we need. I don't know what we need to do. That's what I want help with. How do we start tackling his debt together?

John: [00:12:36] My debt together is a huge thing. That's a huge roadblock. It needs to get done. I don't know.

Ramit Sethi: [00:12:43] I think, John, that you've been so uncomfortable to talk about your debt that you have simply procrastinated on this conversation, but you putting your

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head in the sand doesn't solve it. Number one, your debt just grows. Number two, your wife is like, "This is a real problem, we need to come up with an answer for it". Doesn't mean she has to pay your debt off, but the two of you need to talk about it and come up with a joint answer. Am I reading that correctly?

John: [00:13:16] Yeah. And I have some solutions right now, if we could hear it.

Ramit Sethi: [00:13:22] Please. Let's hear it.

John: [00:13:23] Student loan, here we go. Student loan debt, currently, I'm with the Public Service Loan Forgiveness program. I have, according to the recent thing, like until three or four more years to do that, of consistent payments. As far as the credit card debt that I'm accruing, I don't know what to do about it, because I either have to spend less or make more, and I was, like I said, I kind of got it right at a little bit, but then in May, I got jacked up with like another \$800-plus a month that I had to just make up. So, I can't just make it up, so I had to shift things around and put seven, eight months of credit card of that on a credit card, not to mention when I got hit with divorce.

Ramit Sethi: [00:14:11] Hey, John, I thought this was solutions.

I have to cut in here. This is one of the most common things that people do. People with problems love to talk about their problems. Let me say that again, because it is so important. People with problems love to talk about their problems. I have people on my email newsletter who have been reading it for eight years, and they'll write me saying, "Ramit, I want to earn more money, but I don't have a business idea, what should I do?"

And I tell them to join my Earnable program. We've helped thousands of people. We show you how to find a profitable idea. We can help them. And they write back, "Well, that sounds good, but I don't have an idea, what should I do?" I write back, and then they disappear for a while. A year later, they write me, "Ramit, I really like your emails, but I have this question, I want to earn money, but I don't have an idea, what should I do?" I currently have an email in my inbox right now from someone who's been emailing me since 2012, 10 years.

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What a waste. People with problems love to talk about their problems. It feels comforting to rail against the world. It activates a part of your brain when you can complain and maybe get sympathy, but the only way to change is to shift from being problem-oriented to solution-oriented. Here's what that looks like. When someone comes to me and says, "Ramit, I want to earn more money and I'm willing to trust your system. I know you've helped tens of thousands of other people. What should I do?" That's a person who's ready for a solution. Until then, people with problems love to talk about their problems and they will stay stuck. Back to John.

Neither of the things you said are really good solutions. In order to move forward, we need to actually break things down step by step by step, and we need to be honest. I heard you a few minutes ago say, "Yeah, I'm actually fine. It's not that big of a deal." I'm like, John, you're not fine. You have over \$100,000 in debt and zero plan on how to solve it. Number one, John, the way it's currently going, you have no path to ever be out of debt.

Your debt will just grow, not go down. Number two, you have a wife who's like, "Hey, I'll help, but I need a plan. We need to talk about this." And when the two of you talk, and I'm just speaking from your perspective, because I haven't heard hers yet, it's just spinning, and spinning, and spinning, and spinning. I think the stakes are a lot higher than you think.

John: [00:16:54] They're super high.

Ramit Sethi: [00:16:56] What happens if you go on like this? What do you think happens in five years, 10 years?

John: [00:17:01] I don't want to think about that. Yeah. I mean, it won't be good, I mean, I understand that. I don't know what to do. I do not know what to do. I don't know what to do, man.

Ramit Sethi: [00:17:13] Hey, John, I have a question for you. How come you haven't read my book yet?

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John: [00:17:16] I have read some of it.

Ramit Sethi: [00:17:18] Okay. So, how come you haven't read my book yet?

John: [00:17:20] Just getting buried, I feel like. I don't know. I'm not here to make excuses.

Ramit Sethi: [00:17:24] It's not about that, and I'm not here to judge you for that. I don't mind if you read my book, or someone else's book, or totally something different. What I'm trying to show you is there are lots of solutions around, lots. They're even free. It's you, and we got to figure out what's going on with you that's preventing you from making a plan, and it starts with acknowledging reality. What's the situation here? How bad is it? And if we can't acknowledge that, then we can't move forward. Lindsey, what do you think?

Lindsey: [00:17:56] I love you and I know we can do this, but it's like let's freaking do this with like one solid plan. Simple, not a million different ideas, one simple plan, and do it, and stick to it.

John: [00:18:12] I feel like you're putting me on blast, because like right now, I've been trying to learn about this shit. I'm not the smartest guy. I'm an Earth science teacher. I learned about dirt, and rocks, and weather, and slept in economics class, and whatever.

Ramit Sethi: [00:18:27] This is the adult version of a common technique that children use to avoid doing work. Just try it. Try to get your son or your daughter to help you clean up. And what are they going to say? "Daddy, I'm not good at cleaning like you." Here, John says, "I'm not the smartest guy", to justify his behavior. He hasn't read a book on money. He hasn't sat down and made a plan. Deep down, he knows he can't justify why, so he falls back on the trope of I'm not the smartest guy. You know what's ironic? On Page 15 of my book, I write, "The single most important factor to getting rich is getting started, not being the smartest person in the room."

John: [00:19:14] Now, I'm interested, because like it's important and I'm trying to learn about it. I don't know, like why didn't we talk about this?

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Lindsey: [00:19:20] And I know, and I'm not trying to put you on blast, I don't know anything, either. I'm trying to learn. I'm not a pro either. Like I know we can do it together.

John: [00:19:29] That's why we're here.

Lindsey: [00:19:31] Do we need to do an Excel spreadsheet, like sit down and put the numbers out there? I mean, do we need to get an envelope? Like one of my neighbors did envelopes with money, like I just want an idea of what to do. I just want a plan.

Ramit Sethi: [00:19:48] So, you can see that we're not even at the point to talk about Excel and all this stuff yet, because we're still circling around having the conversation. We've been on this call almost an hour already, I don't even think we've really had the conversation. I mean, hey, every relationship has its issues and challenges, and you both have a particularly complicated relationship. You have kids from prior relationships.

One of you has more debt than the other. And you have different earning power. So, this is quite a complex situation. Fine. But first of all, talk about, what are the stakes here? Like right now, even still, when you got on the call, it seemed like it was a four out of 10. Even now, I don't get the sense that there are really that high stakes, because I haven't heard anyone talking about what could go wrong.

You still want to go snowboarding, you still want to eat out, you still want to take the kids on vacation. It's no surprise that no one is taking the first step in this dance, because why would you? You're both kind of living a pretty good life. You have a house. You have trips. You eat out. The debt, yeah, it's stressful, but it's basically invisible, isn't it? It's just some number on some computer somewhere. Tell me. What is your rich life when you think about it?

Lindsey: [00:21:12] No anxiety when it comes to money, just feeling confident, and that energy that changes when the check comes to the table, or the kids asking for an extra treat or something like that at a movie theater, that there's not that, like this is going to really do us in type of a feeling.

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Ramit Sethi: [00:21:33] Okay. I like that. Did you notice that your first answer to a rich life was no anxiety? In other words, it was the absence of bad feelings. That's not very inspirational to me, to anyone, really. Hey, what's your rich life? I want to stop this gaping wound on my arm. Okay. I mean, that's true, we should probably get a bandage on that thing. But that doesn't seem like a rich life, I just stop bleeding profusely. You got anything else for me?

Lindsey: [00:22:05] Like I want to be able to pick up the check and feel good about it. I want to be able to go on vacation, and get a massage, and not have any guilt that I'm doing that. I want to be able to, I don't even know, pay off his debt and feel proud about that, and have set ourselves up for a fun retirement, where we're traveling and not having that burden of money on our shoulders or something like that.

Ramit Sethi: [00:22:40] You haven't thought about this much, have you?

Lindsey: [00:22:42] Maybe not in enough detail.

Ramit Sethi: [00:22:44] It's okay. That's why I'm here. And you have plenty of time to think about it. I'm just curious, when you have thought about money, what are the words that come to mind for you?

Lindsey: [00:22:54] The scarcity, that there's not enough, you're going to spend it all, it's going to be gone.

Ramit Sethi: [00:22:59] And tell me, when you walk into Target, what do you feel?

Lindsey: [00:23:03] Like I'm in a casino.

Ramit Sethi: [00:23:04] Yeah. Tell me more.

Lindsey: [00:23:07] I lose track of everything that's like what's around me. It's a joke, I'll tell people, like I just could go and drop \$300 if it's like a good deal. I don't think of

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anything. I don't think of that anxiety. That stress, that whatever, for some reason, poof, goes right out the window.

Ramit Sethi: [00:23:25] We need to talk about Target. You've heard me say that your rich life is yours, not your parents, not mine, yours. And if your rich life is traveling around the USA in an RV or living in Manhattan, great, but there's something you need to know. Target is not your rich life. It is rare that I come out and say something is categorically not a rich life, but I'm making an exception for Target. I hear too many people raving about Target.

It's almost all women, interestingly. There are target memes, "Haha, I went to target to spend \$50, and I walked out with \$300 worth of items. Haha." Is that really your rich life, walking into a store and buying a bunch of bullshit? When I speak to these Target lovers and I ask them what they actually bought, they all shrug. Actually, this is what they do. Their first answer is, "Well, I bought clothes for the kids". That's code for, "I'm a good mother". Then, they quickly shrug and make a joke of it, "I don't even know. Haha."

A rich life is not walking into a consumer store that you've been fed propaganda to believe is a rich life, then buying a bunch of stuff that makes you feel good for two hours, and going home, and forgetting about all of it. There's no meaning to it. It's just commodity junk. These very same people who rave about Target, when I ask them, what is your rich life, and I press them, Target is never in it.

Nobody wants to put a random store full of knickknacks as a part of their rich life, yet their behavior shows that that's exactly what they're doing. I would rather Lindsey said, "I'm going to shop at Target for my essentials, but I'm going to carve out a monthly massage for myself." That can be a rich life. But for everyone listening, especially the moms, Target cannot be your rich life. You can't minimize your dreams to shopping in a consumer store to buy a bunch of junk that you don't even remember three days later. Dream bigger. Life is more than shopping at Target.

Now, please, for all the moms out there getting ready to send me angry emails about how out of touch I am, I grew up in suburbia. I know every aisle of Target. My book is carried in Target. I know why it feels good. I also know that a lot of you laugh when I call

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someone out for buying a truck, but when I talk about Target, cuts a little close to home, doesn't it? Target is fine, you want to buy some supplies, you want to get some hot tamales, great, be my guest, but please, dream bigger. Target is not part of your rich life. You have so much more that you can do with your time and your money than Target. Now, let's listen as I push on this with Lindsey.

Lindsey: [00:26:27] But then, like to do something like a massage or something I take more joy in, sitting on the beach and getting popsicles for all the kids, like that would cause me more anxiety than walking into Target, which is crazy.

Ramit Sethi: [00:26:45] Why do you think that is?

Lindsey: [00:26:47] Maybe because it's—I don't know, you tell me, you're the expert. I don't know. Why is that?

Ramit Sethi: [00:26:53] What's your first memory of Target?

Lindsey: [00:26:56] Honestly, like this perfect Barbie that was the holiday one and really wanting that Barbie.

Ramit Sethi: [00:27:06] Did you ever get it?

Lindsey: [00:27:06] Actually, yes. One of my good girlfriends, her mom and dad, who were like, in my mind, rich bought that for me.

Ramit Sethi: [00:27:14] Yeah. So, when you think back to being a kid and when you think about these stores, whether it was Target or Macy's, what are the feelings you get when you think back to them?

Lindsey: [00:27:24] Just like how special those stores were. Yeah. And my kids, they're the same. They go into Walmart, which is, I don't want them to fall into this role, too, that it's like you go into Walmart or Target and it's like a casino. I don't want that. Like that's not living a rich life.

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Ramit Sethi: [00:27:44] Let me just read that back to you. You don't want them to walk into Target and think of it as a casino, even though that's exactly how mom describes Target.

Lindsey: [00:27:55] Yeah.

Ramit Sethi: [00:27:55] Anything leap off the page to you there?

Lindsey: [00:27:57] Yeah, I got to break that Target, I got to break that chain. I got to-

Ramit Sethi: [00:28:02] Yeah. And by the way, why do you think that you feel so happy at Target, joyous, and yet you feel so much anxiety-

Lindsey: [00:28:10] I feel like I can afford it.

Ramit Sethi: [00:28:11] Yes, that's true, but you can afford a massage, too. Why do you feel so much anxiety about that?

Lindsey: [00:28:17] I guess because I never grew up like seeing that. It's easier for me to spend that \$300 at Target than it would be to spend that \$300 on a massage.

Ramit Sethi: [00:28:27] Yeah. What type of people shop at Target?

Lindsey: [00:28:30] People like me.

Ramit Sethi: [00:28:31] Yeah. And what type of people get massages?

Lindsey: [00:28:34] People that aren't rich, but in my mind, that are rich and that they have—yeah.

Ramit Sethi: [00:28:41] Yeah, rich ladies, and you don't see yourself as one of those. Yeah. And final question on this Target thing, when you buy one, two, 300 bucks of stuff from Target, what is it that you're getting?

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Lindsey: [00:28:54] Instant gratification, I guess, but then once you leave, it's like, what did I just even buy? Did I really even need that?

Ramit Sethi: [00:29:05] So, you're getting sponges, and clothes, and cleaning supplies, and a cool new type of candy. What other kind of stuff are you getting?

Lindsey: [00:29:14] Oh, it's for the kids or a Barbie. Most are Barbies or knickknacks, stuff around the house.

Ramit Sethi: [00:29:23] So, you walk in to Target, you lose all track of time and spending, how do you feel, again, when you're in Target? What's the word you would use to describe it?

Lindsey: [00:29:32] Like a casino. Like I'm in a casino. I have no idea of what time is around me.

Ramit Sethi: [00:29:37] Lindsey, do you want to be going to Target as your leisure activity 10 years from now?

Lindsey: [00:29:41] No. And like just having this conversation, there's a lot of leisure activities that I have that I don't need. I like online shopping. I spend time on Amazon. Like I mentioned in the beginning, I have like a lot of these accounts with that are like subscriptions that really, like I just kind of get into the habit. Like I could really take a deep dive in my everyday spending and save a lot of money that way.

Ramit Sethi: [00:30:11] Do you have your phone with you right now?

Lindsey: [00:30:13] Yes.

Ramit Sethi: [00:30:14] Can you open up your email inbox? And as you do that, just read off, I don't need anybody's name, but I'm looking for companies, read off a few of the companies that are in your inbox right now.

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Lindsey: [00:30:26] Oh, Amazon Prime, OneHope, OneHope again, nursing stuff, a photographer that I like to use for family photos, which I don't want to give up, Amazon again, Amazon, Amazon Rentals, Amazon, Target, Target, just people trying to get me to purchase more things.

Ramit Sethi: [00:30:52] Yeah. Why do you need this shit getting emailed to you, like you forgot that target existed? You don't need Target telling, "Hey, by the way, we're down the street, we're still here". You don't need it. When you look at somebody who's financially sophisticated and you look in their inbox, do you think they are getting five emails a day from Amazon, or Target, or Best Buy?

Lindsey: [00:31:11] Yeah, no.

Ramit Sethi: [00:31:12] No. They are not buying things that appear in front of their face. They are proactively saving for really nice things that are meaningful to them. By the way, nice things doesn't have to mean expensive. Nice things could be we're going to the park and we're going to have barbecue with all the kids, but they're planning for it. They're visualizing it. They're talking about it. They're not simply spending money on just whatever's in front of them. You see the difference?

Lindsey: [00:31:43] Mm-hmm.

Ramit Sethi: [00:31:47] So many fascinating things in this conversation. Now, I've spoken to a lot of people who love Target, who laud Target, who put Target up there, and I've noticed some patterns. First off, it's common, it's not always the case, but it's common that people who rave about Target are not especially sophisticated with money. It's common that people who rave about Target have a lot of stuff lying around. And it's common that people who love Target have an email inbox filled with consumer ads for other similar stores.

Now, please remember this. It's not that I have anything against Target, it's that this entire culture has fooled people into thinking that a consumer store of mostly commodity goods is actually their rich life. It's not. I'm sharing this with Lindsey not to berate her, but because I want her to dream bigger than buying some junk that makes her feel good

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for a few hours.

I want her to understand why she feels such an attachment to a retail store. And as you can see, it traces back to her childhood, which she's now passing on to her children. Worst of all, she's not even conscious about it. She's not being intentional about it. And Target isn't even really meaningful to her. I want better for Lindsey, and I want better for her and John together.

John: [00:33:21] What I'm happiest, it's like get up early, do something, like work out. Like I used to go to the gym like 5:30 in the morning every day and it was super expensive, but I just like justified, I was like, that's worth it, it makes me so happy. Being able to have my clothes prepped, meals prepped, ready to go, don't have to worry about that. Great vacations, doing things, working out, anything that I enjoy doing, or my kids enjoy doing, or my family, doing that together. Also, like in my rich life, I'm super interested in like being more self-sufficient, so like the opposite of like, I don't need money, like fuck your money, I can catch my own fish, I can garden. Like I'm super earthy, obviously.

Ramit Sethi: [00:34:05] I like that. So, I like your vision. It's very evocative to me. I can see you, waking up, working out, taking the kids fishing, going for a bike ride. Like I can see this, right? It's very clear to me. Have the two of you ever talked about this together? Like what do we see our lives being?

John: [00:34:24] I feel like we've said things like that.

Ramit Sethi: [00:34:26] That's great. So, you guys have talked about this. You're on the same page, roughly. Is that right?

John: [00:34:31] Yeah. And I feel like in that regard, yeah.

Ramit Sethi: [00:34:34] Great. So, you're on the same page with day-to-day. You're not on the same page with finances. Is that right?

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Lindsey: [00:34:42] Yeah, you're right. We're good with our day-to-day. And of course, we can tweak that. And we have lots of conversations about day-to-day tweaking. And that's fun and we love that, but let's talk about our retirement plan.

John: [00:34:55] Yeah.

Ramit Sethi: [00:34:57] Okay. So, what is the plan to pay off the debt? Let's talk about it right now. You have, total, \$125,000 in student loans together, mostly John's. You have \$33,000 in credit card, mostly John's, debt. And then, you've got this mortgage, which is yours, Lindsey. Okay. So, what is one approach to paying off the debt? I want each of you to give me one approach you could take to pay off this debt.

Lindsey: [00:35:28] John and I could take out a personal loan and I could make the payments monthly to chop down that debt.

Ramit Sethi: [00:35:36] So, his loan, he's not paying it at all anymore?

Lindsey: [00:35:40] I don't think he's paying it now, so I would wish one of us would be.

Ramit Sethi: [00:35:45] Okay. So, you're advocating, basically, you take over his loan.

Lindsey: [00:35:49] I think that's what I need to do.

Ramit Sethi: [00:35:51] Okay. Why is that?

Lindsey: [00:35:52] Because I just feel like, right now, it's just accruing, getting larger and larger, and more and more in debt. So, if I just get that away from him and started paying that, well, I could clear it up. And as I'm saying this, I realize like this is a very big—I need to have some personal work on this, like it sounds-

Ramit Sethi: [00:36:16] It sounds like, what does it sound like?

Lindsey: [00:36:19] It sounds like I'm being the caretaker to John and the money.

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Ramit Sethi: [00:36:23] Yeah. Well, caretaker is a pretty positive word.

Lindsey: [00:36:25] Yeah.

Ramit Sethi: [00:36:26] Is it a positive thing?

Lindsey: [00:36:27] I would think so, whatever I have to do to help us, I feel like that would be the right thing to do.

Ramit Sethi: [00:36:34] Hold on. Let me just say this back to you, because I want you to hear this out loud. You got married less than a year ago, and you want to take over \$130,000 of debt and pay it off for your husband. How does that sound to you?

Lindsey: [00:36:51] Not like a good idea.

Ramit Sethi: [00:36:52] Keep going.

Lindsey: [00:36:54] I'm a really nice person.

Ramit Sethi: [00:36:56] Yeah, you can nice yourself right into being bankrupt.

Lindsey: [00:36:59] Right. Yeah. And then, becoming resentful over it, too.

Ramit Sethi: [00:37:02] Look at John. He's a very capable guy. John's not your son. He's not a six-year-old. He's an earning grown man. He doesn't need you to take over \$130,000 of loans. That sounds like a really bad idea.

Notice that Lindsey's first solution was for her to take over the loans. No. I had to step in and tell her that was a bad idea. Lindsey literally wanted to pay for \$130,000 of her husband's loans and they've only been married for a year. Think about the message that that sends. Notice also that she characterized this as being a caretaker. People tend to do this. They use positive words to give a positive shade to what they're doing.

For example, I spoke to a previous millionaire couple on this podcast who were cheap,

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and you know what they said? They said, "We're not cheap, we're just careful about what we spend our money on". After talking to them, I said, no, you're cheap. And when I told them that and we talked about it, they finally admitted it, and that's when we could work on a solution.

So, here, you can see how Lindsey's core beliefs about money are spilling into virtually everything she does. She makes way too much to think about Target as the culmination of her rich life, but that's what she was taught. No person should take on their partner's 130,000-dollar debt in one year, but that's how she was raised. So, when you see someone making peculiar decision after peculiar decision, there's usually something much deeper beneath the surface.

Ramit Sethi: [00:38:42] Can you see how these deeper beliefs you have about money are being brought to bear on like this decision and other decisions? Can you see how that just happens over and over again?

Lindsey: [00:38:54] Mm-hmm.

Ramit Sethi: [00:38:55] Yeah.

Lindsey: [00:38:55] Yes. Yeah.

Ramit Sethi: [00:38:56] This is why I didn't start off with going through Excel, because we could have gone through all the fancy numbers, but it's all irrelevant, because you believe you're not worthy of keeping the money that you earn and you believe that your worth comes from, finish the sentence for me.

Lindsey: [00:39:15] My worth comes from helping others and taking care of everybody.

Ramit Sethi: [00:39:22] Yeah, even at your own expense.

Lindsey: [00:39:26] Yeah. Wow. And my kids.

Ramit Sethi: [00:39:29] Yeah, I know, because it's exactly how your mom raised you.

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Lindsey: [00:39:32] Yeah.

Ramit Sethi: [00:39:33] So, do you want to keep the cycle going? It's up to you. You can. I'm not asking as a trick question.

Lindsey: [00:39:38] Right. No, and I don't, and that's why I work—like I meet with this counselor, and trying to build myself up to not be a caregiver to everybody, and really trying to work on taking care of myself, and making time for me. But we don't talk about money. It's more of an emotional level.

Ramit Sethi: [00:39:58] That's okay. Money is emotional. If there's one thing you take away from today, it's that we are talking about emotions and we're talking about psychology, because that's what money is. Yeah, it's also mathematical, and the two of you need to build a mathematical competence, but the math is like arithmetic. It's very easy stuff. It's this stuff that's much more complicated, about how do we feel about ourselves and about money? Okay. So, okay, we heard your idea, Lindsey. We concluded, that is not a good idea, and I'm very happy that as you said it out loud, even you realize, "Oh, there's something off about this". That's a great sign. You have good intuition on that. Now, I want to turn to John. What is your proposal for how to deal with this debt?

John: [00:40:46] Like I said, I don't really have a plan.

Ramit Sethi: [00:40:49] I need a plan, not going to let you off that easy.

John is playing the old innocent doe routine. "Who, me? Little old me? I don't know what I could do. I've tried everything and nothing works." Look at those wide eyes, innocent doe, I love it when I spot it in the wild. Notice that his strategy shifts from one approach to another, anything for him to avoid taking responsibility. He started with, I'm not a smart guy. Now, he's trying to say, I just don't know, but I'm not going to let him get away with it.

I find that in almost all of these cases, people who use these avoidance strategies use

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them because they work. The people around them pick up the slack. They start to offer solutions. They try to help. Of course, the person always has a reason why nothing will work, and so they remain stuck. I'm going to push John to give me a plan. He has \$9,000 in investments, so he starts there.

John: [00:41:55] One plan, right now, is I pull all of nine grand or whatever out of the stock market, and pay down my highest interest debt, my highest interest credit card debt. That is my plan.

Ramit Sethi: [00:42:07] Okay. That is a plan. I hear you on that. Okay. 9K will take away 30% of your credit card debt, still leaving \$20,000 of credit card debt and \$100,000 of student loans. What then?

John: [00:42:27] The rest of it, I guess, I potentially would do the personal loan or the balance transfer to another credit card.

Ramit Sethi: [00:42:36] How many balance transfers have you done before?

John: [00:42:39] I've only done one or two, I believe. Yeah, one or two.

Ramit Sethi: [00:42:44] And did it get you out of the situation that you were in?

John: [00:42:47] No, no.

Ramit Sethi: [00:42:48] So, what do you learn from that?

John: [00:42:52] I will pull like the YOLO thing, like a thousand bucks for a ski membership, done. So, that definitely digs me in. Snow tires for my truck, like I can rationalize big expenses, and then after that, I mean, it was like, I don't know, what got me into that situation. What was the original question? I'm sorry.

Ramit Sethi: [00:43:13] You see what you just did?

John: [00:43:14] I spiraled out of it.

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Ramit Sethi: [00:43:15] Yeah.

John: [00:43:16] Yeah. No, I know. This is my jam. I don't know what to do. I do not know what to do.

Ramit Sethi: [00:43:21] No. You got to stop saying you don't know what to do. That's an excuse you, yourself, use to justify you changing nothing and just keeping on going. I don't know what to do. I haven't read a book. I haven't listened to a YouTube thing. I don't know what to do. So, I'm going to keep on buying all the things I buy, because I don't know what to do.

John: [00:43:40] I'm trying to gather as much information as possible, waiting, I guess, to pull the trigger on what to do about this money that I stacked versus this debt that I'm accruing.

Ramit Sethi: [00:43:53] Can I just tell you something right now? John, the \$9,000 you have is not going to make a dent in anything. And you mentioned a truck, how much did your truck cost?

John: [00:44:02] 36,000, it's a lease, actually, still.

Ramit Sethi: [00:44:02] Why did you lease it?

Ramit Sethi: [00:44:06] I don't know. I can't justify it. I'm not a good money person.

Ramit Sethi: [00:44:12] It's bullshit. You're not a good—look, John, you look like a fit guy. What if I came to you and I go, I can't get fit, I'm not a fit guy, I just can't, what would you say to me?

John: [00:44:24] Okay. If you really want me to justify it, I moved out to my family's farm on a big hill, super steep, wanted something reliable. I left my divorce with a really not suitable car. It was super scary to drive in the winter. I live in the Northeast. So, I was like, it was a bit of a YOLO and like I need something reliable.

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Ramit Sethi: [00:44:44] So, which one is it? Is it you needed something safe and reliable or it was YOLO? Which one is it?

John: [00:44:49] I left my divorce with a Scion XB, and they were like—I won it in the divorce, and I went to the dealership, and I was like, I need something better. Like maybe it was like a midlife crisis kind of thing. I don't know what it was, but it was—hopefully, it's not midlife, but it was satisfying, I guess, that like, you know what, fuck her, I'm going to do me a little bit, a lot of bit, probably, but also, okay, maybe it was a lot, all that. Okay.

Ramit Sethi: [00:45:20] John is very skilled at making excuses. He talks a lot. He has a story. He justifies, redirects and misdirects. He pivots. It's impressive to watch, but ultimately, it's self-defeating. It's all bullshit. I don't mind that he's bullshitting me, but I consider it a tragedy when people bullshit themselves. You needed an expensive truck to drive up a hill? Come on. John is impulsive.

He does whatever he feels at the moment, then he creates a seemingly logical reason to justify it, but it doesn't work. He has tons of debt. He has no plan. And his only solution is to get mad at his wife and say, "I don't want to be a financial burden". Now, what did I say about being honest? Part of a rich life is being honest with yourself and the people around you. If we can't be honest, then we can't change. John is not being honest with himself about his spending.

If we can't be honest, then we can't change. Now, I have to say, I understand why John has employed these techniques. It's worked with the people around him. Personally, I love talking to somebody like this, I get to parse the clues and try to figure out what's really going on. As a third party, his techniques don't work on me. It's my job to see through them, even to gently point them out and to help redirect him and this couple towards their actual rich lives.

John: [00:47:05] It's super scary. I live on a hill like this and it was dangerous, but yeah-

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Ramit Sethi: [00:47:10] So, you couldn't drive a car up that hill? Is that the truth? You could not drive a car up that hill?

John: [00:47:14] Not the one I was driving. Yes, there is probably a million other ones, but yeah.

Ramit Sethi: [00:47:20] I mean, listen, if you want to change your financial situation, step one is to be honest, honest with yourself and honest with the people around you. If you tell me, "Ramit, honestly, I was pissed after my divorce and I wanted something, and now looking back, it probably wasn't the right decision, but that's what drove me to get this truck", great. Okay. Probably a bad decision, but at least we can work with that, because now, we know what was really causing it.

If you tell me, "Well, you know what, the trade-in value was pretty good, and then also there was this hill, and then the snow, and then also, I kind of wanted to say, fuck that", I mean, which is it? You've got to be honest with yourself and you've got to be honest with the people around you. One of those reasons was probably 90% of why you bought that truck, and the rest are just details. So, which one is it?

John: [00:48:11] This was what I'm going to do, I'm going to do me. Yeah, totally.

Ramit Sethi: [00:48:13] Fine. Let's be honest with each other. So, you bought the truck or you leased the truck, mostly because you were like, "I want this after my divorce". Alright. "I don't want this Scion anymore." So, let me just summarize the two things that I have heard so far. Our first proposal from Lindsey was she's going to pay off everything with a personal loan. That's not happening. Then, we came over to you, John, and your suggestion was take 9K from your investments, pay off part of your credit card debt, and then do a balance transfer with the rest.

So, as I pointed out to you, 9K doesn't really change the problem. It does pay off some of it, but now, you have basically very little invested and just balance transferring 20K doesn't do anything, because you still have the 20K of debt. That's not solving the problem at all. Okay. So, let's take one more crack at it. What are some other options that you have?

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John: [00:49:12] Just making more money. Like I said, I've got two months off during the summer.

Ramit Sethi: [00:49:17] How much could you make in those two months?

John: [00:49:19] 20 grand if I work like a normal 9:00 to 5:00, maybe.

Ramit Sethi: [00:49:23] That's a lot of money,

John: [00:49:24] Right. I don't really have like like a setup business, just like I need to be more consistent with setting up business, like I do little odd jobs for people.

Ramit Sethi: [00:49:34] Let me get this straight. In the two months that you have off, if you worked a lot, you could make \$20,000 total over those two months.

John: [00:49:43] That might be ambitious, but-

Ramit Sethi: [00:49:45] What's a reasonable number?

John: [00:49:48] So, okay, let's say eight grand, eight grand.

Ramit Sethi: [00:49:53] That's a pretty big difference. Wait. Which one is it, eight or 20?

John: [00:49:57] If I kind of like muddle through the summer, and take care of kids, and work, I can do four grand, but I could probably make up to 10 grand extra.

Ramit Sethi: [00:50:08] Again, good example of being unsophisticated with money. Okay. John doesn't realize what he's doing, but he is overcomplicating the situation. He's flooding it with so many details that it just wears the other person down and they give up. This is a classic strategy. It's the same technique used by cigarette manufacturers when they used to flood the marketplace with all these questions, "Oh, well, some doctors say that nicotine is not addictive", same as climate change deniers, same as right wingers who flood social media with disinformation. In John's case,

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there's a huge difference between \$8,000 and \$20,000. But John is just talking about these numbers like they're interchangeable. In order to be confident with your money, you have to be competent. Basic money competence would mean understanding which number he can reasonably achieve.

And what about your current job, John? What are the options there? Have you ever considered a different job?

John: [00:51:12] Well, I mean, yes, except the Loan Forgiveness program. I feel like I have to stay in public service in order to finish that out. I got a couple more years to do public service. And I love my job, I really do. Like I love my job. One of my rich life things is fulfilled work. I am super fulfilled.

Ramit Sethi: [00:51:31] Okay. That's great to hear. That's fair enough. And that has a good financial rationale behind it as well. Okay. So, it sounds like you could make roughly eight to 20K in two months, which could be additional income to you. Okay. Very good. Let's go to Lindsey. Another idea.

Lindsey: [00:51:48] John take from his 401(k) to pay it off.

Ramit Sethi: [00:51:52] No. So, I want to point out why. I'll tell you why. And I want to point out what's going on here. Could he borrow from his 401(k)? Yeah, he theoretically could. He's got \$19,000. What would happen once he borrows from his 401(k)?

Lindsey: [00:52:07] He's taking away from his retirement.

Ramit Sethi: [00:52:09] Yeah, and he's supposed to pay it back. Realistically, do both of you think, John, that you would pay that money back to your 401(k)?

John: [00:52:16] No, I can't make my own payments right now.

Ramit Sethi: [00:52:18] Exactly.

John: [00:52:19] Absolutely not.

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Ramit Sethi: [00:52:20] Exactly. The type of person who even does this tends to be bad with their money, because people who are savvy with their money don't borrow from their 401(k)s. Okay. Now, what I want to point out is that both of you have a lot of interesting ideas about money that are very typical of people who are unsophisticated with money. And I want to give you a couple of examples, so you know what I mean. Okay. Now, the good news is you can become sophisticated with money, like it's actually not that hard, but you know you need to actually put in the time and work in order to do it.

I hope you appreciate what's really going on with Lindsey and John. They have a double whammy working against them. The first is that they are financially unsophisticated. Now, please remember, I never judge anybody for being financially unsophisticated. We all start from different places in life. In their case, they are financially unsophisticated. They don't really understand the basic concepts of personal finance.

Now, combine that with the second dynamic going on here, and that is, they are stuck in their pattern. One of them is trying to rescue the other one. The other is throwing up his hands and saying, "I don't know what to do". When you combine the two of those, it puts them in a very precarious place. They don't really know what to do and they are stuck, so they just keep constantly spinning and talking about the same things over and over. And when they do decide to try something, they're not competent enough to know what to try.

And you can see that in this conversation. One of the first things that Lindsey proposes is to take over all of his loans. That would be a terrible decision. You heard about him potentially borrowing from his 401(k), another terrible decision. They're buying whatever's in front of them. They're putting their heads in the sand about debt, which is just continuing to grow, and they self-soothe with these impulse purchases from Target to snowboarding, to leasing a truck. They have not learned the skill of money.

And in fact, when I talk about that, what does John do? He throws up his hands, says, "I don't know", and goes right back to his pattern of spinning. What I'm going to do with them now is to shift them into solutions. Remember, people with problems love to talk

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about their problems, and this couple will talk about it for the rest of time, but I want to help them. I don't want them to be mired in the weeds. I want to shift their focus and pivot them to a solution. I know there's a solution, but they don't know it yet.

Lindsey: [00:55:11] I fall into my I'll take care of things role, where I'm like, I'm working this Saturday, I have opportunity, like John's idea of the month of 5,000 to 20,000, I know for a fact like I have opportunity for overtime being a nurse, where John doesn't have that.

Ramit Sethi: [00:55:30] Yeah. So, look, I think it's great that you can work more, and you can make a lot of money, and you probably should. I think that's great. You could certainly benefit from having some more money. What is unclear about that is what would the relationship between you to be? Are you just making five thousand more, and then putting it towards his debt? If so, isn't that a bit disempowering to him? Talk it out with him.

Lindsey: [00:55:54] So, how can I empower him then to pay off that debt? What can I do?

John: [00:55:59] How can you help support me pay off my debt?

Lindsey: [00:56:02] Yeah.

John: [00:56:02] Well, I don't want you to. I don't want that to be your burden. I mean, I want to pull my own weight, and if I can't pull my weight—I'm not going to be a burden to you. Absolutely not.

Ramit Sethi: [00:56:13] But, John.

John: [00:56:14] So, how can you help me pay off my debt? I can agree to-

Ramit Sethi: [00:56:17] Hold on. John, John, John, John, John, John, stop. You're already going off on this whole thing, you didn't even hear her question. Repeat her

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question out loud. What did she ask you? She did not say, how can I pay off your debt for you?

John: [00:56:28] How can she help me pay off my debt?

Ramit Sethi: [00:56:30] No, that's not what she said. John, you're so in your head, you're so sprung and ready to answer her that you're not even listening to what she's saying. Do you guys really want to have a conversation about this or do you want to just both be in your corners and just lob out the same bullshit you've been doing out? What do you want to do?

John: [00:56:49] What's the question? Ask me again. I'm sorry.

Lindsey: [00:56:52] How can I support you while you pay off your debts?

John: [00:56:56] How can you support me while I pay off my debt? I think it would be supportive if we could get a clearer image of what our joint incomes and joint expenses are.

Ramit Sethi: [00:57:07] Keep going. This is great.

John: [00:57:09] I don't know, because right now, you pay these things, and I still pay these things, like I do like the—like I bought the wood, and I pay for the gas, I pay for this, and I pay for that. It's very amorphous. Like I used to pay the rent when we're kind of living separately, but now, you've taken that over. But now, I will buy like lightbulbs and the plumbing fixtures, like I don't really know exactly what my expenses are. I need a clearer picture—here's what it is, I need a clear picture of our income and our expenses. That's it. Because if we're in this together, it's not my debt, it's not your debt, it's our house, it's our pension, it's our retirement thing.

Lindsey: [00:58:00] I don't know what you're really asking. The mortgage is in my name and I will pay the mortgage for that, and I think that's a good thing for me. I'm going to keep the mortgage in my name, I will continue to make payments for the house and you

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not pay for anything there. Should we start negotiating then like if you are doing work around the house, because I'm not paying somebody, like to pay you?

John: [00:58:27] I think for me, that's not sustainable for me. I'm not going to be like, here's my bill for 40 hours, or whatever, like we're together or we're not. I don't know.

Ramit Sethi: [00:58:41] You're on the right track. The house thing was great. So, John asked, "How much do we make and what are our expenses?" Okay. Fair question. Lindsey said, "Well, the house is mine and I'm paying for it". Okay. That's a fair answer. And then, somehow, it devolves into, "Am I going to have to invoice you for whatever around the house?" That's not relevant. Get rid of that. And actually, does it even really matter, what, are you going to invoice him \$10? Who cares? Big question.

Lindsey: [00:59:13] But if that helped him chip away at that debt, I would be happy to—no. Okay.

Ramit Sethi: [00:59:17] No, we're not solving his problems for him. You asked a great question, Lindsey, "How can I support you in you paying off that debt?" He's asking a really simple question. What is our income and what are our expenses? So, let's get an answer to that, and I want you to both be writing this down right now, because you're not going to remember it later. So, make sure you have some paperwork.

Something fascinating just happened in this conversation. Did you catch it? We finally got to the point where we can talk about their income and expenses, but it took us a long time to get here and it was the right thing to do. Do you know that most people who come talk to me, they want to talk about some obscure technical topic? They go, "Look at our income, should we pay off this high interest debt first or should we do that one because mortgage rates are low?"

It's almost never the right question to be asking. Lindsey and John, before they came to talk to me, they had put together a document with their income and their expenses, they've already done this, and yet it took us going through this exercise, this process, to uncover so many of these subtle issues beneath the surface. Lindsey understands that she's had a role to play in this dynamic. She understands also that she's got some

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mindless spending that's exacerbating the problem, and she's tackling that.

I am very happy to hear that. John, I don't know if he gets it yet, but John has revealed to us that he's spinning, and he's problem-oriented versus solution-oriented. The beautiful thing is that the two of them are now much more aware of the financial traps that keep people like them stuck in debt forever. And I don't want that for them. They have a very, very long life ahead of them. I want them to be happy. I want them to live a rich life.

But in order for them to do that, they need to change the way they talk about money, change the way they think about money, and yes, change the way they spend money. In next week's episode, I'm going to continue my conversation with them. We are going to put together a plan of attack for their finances, and you're going to listen as they shift from being problem-oriented to solution-oriented. But I can tell you one thing, it's not going to be easy. I'll see you next week.

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