

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

Ramit Sethi: [00:00:03] John begins this episode really angry. He's talking over me. He's admitting how resentful he is about having to pay child support. And he goes off on this odd digression about not being a financial burden to his wife. Listen in.

John: [00:00:19] That child support is actually 1,100 bucks.

Ramit Sethi: [00:00:21] How do you feel about that?

John: [00:00:23] Super fucking resentful, burns me to the core every second, let's support each other moving forward in our financial journey, because I'm not a fucking burden.

Lindsey: [00:00:34] See, there you go with your little anger thing, though, yes, let's support each other.

John: [00:00:39] 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] Welcome back to part two of my episode with Lindsey and John here on the I Will Teach You To Be Rich podcast. Let me give you a quick refresher on who Lindsey and John are. Between them, they have five children from previous marriages. They were married together about a year ago. Their income is \$150,000. Roughly 90 of that is earned by Lindsey, and approximately 60 of that is earned by John.

They came to me asking how they could combine their finances, but John has over \$125,000 of debt, and he is very resentful. He's resentful because he has to pay over 50% of his income to child support payments. Lindsey's not used to having debt. She doesn't know how to work with it. And so, they came to me asking what they should do. But you're going to hear it, John talks over me a lot. He spins a lot.

And when I ask him, what are some possible options, he can't conceive of them. He's still stuck to being problem-oriented. And what I want to try to do today is move him over to being solution-oriented. That's a profound shift. Now, we pick up right where Lindsey

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

is asking, "How can I support you? Not how can I pay your debt off, but how can I support you in you paying the debt off?"

I want you to observe how the conversation flows. And I'm going to do something a little unusual in today's episode. I'm going to get into the weeds with Lindsey and John about their actual numbers. At times, it might sound confusing, a lot of numbers are going to be flying by, but all I ask is that you trust me, because I want you to listen to how the two of them interact with their own personal finances. Let's get into it.

So, we still haven't gotten a great solution here.

Lindsey: [00:02:42] How can I support you? What can I do?

John: [00:02:46] How can you help support me pay off my debt?

Lindsey: [00:02:48] Yeah.

John: [00:02:49] 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. I need a clearer picture of our income and our expenses.

Lindsey: [00:03:03] But if that helped him chip away at that debt, I would be happy to—no. Okay.

Ramit Sethi: [00:03:08] 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 paper. John, what is your gross pay per month?

John: [00:03:31] Gross pay a month, 3,600, approximately 3,700.

Ramit Sethi: [00:03:35] So, you make \$44,400 a year.

I Will Teach You To Be Rich podcast Episode 32:
Lindsey and John (Part 2)

John: [00:03:40] No. I guess, per year, it's what, 59, I think.

Ramit Sethi: [00:03:44] So, your gross pay is \$4,916 per month.

John: [00:03:51] Yeah. I mean, yeah, I guess something like that. Yeah.

Ramit Sethi: [00:03:54] Okay. So, this is what I'm talking about, basic competency.

John: [00:03:55] That seems too much, though, but-

Ramit Sethi: [00:03:57] Okay. Guys, basic competence with your numbers means you need to know how much money you make. And this is good. You're asking a good question, "How much do we make and what are our expenses?" These are excellent questions. If you don't know the answer to these, how are you going to find out the answer to this after this call, John?

John: [00:04:14] I have them in a spreadsheet. I just didn't have it right here.

Ramit Sethi: [00:04:17] It seems pretty important, like we want to get the right numbers down, right? So, while you pull that up, John, I'm going to ask Lindsey the question. Lindsey, how much do you make, gross income per month?

Lindsey: [00:04:27] So, I know what I make net, 4800 a month in net, for every month, because that's what I'm going to have in my bank account.

Ramit Sethi: [00:04:36] So, you two should set up a page, a Google doc or whatever, where both of you are putting both of your numbers, and the reason we want to start with gross, and then put net is some people take money out for their 401(k) or their Roth IRA, and that's actually money that's going towards your investments. And so, when you say, "I make this much net", well, you actually made more than that, it's just in a separate investment account. Some people have child care or whatever it may be.

And then, of course, taxes are taxes, you can't really change that. So, we want to look

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

at the gross amount, and then you can talk about the net amount, but your net amount should really be, what is your gross minus all the required things like taxes? Okay. Child support, that's really up to you to define for the two of you, is that "required" or is that John's personal expense that he needs to handle on his own? What do you guys think the answer to that question is?

Lindsey: [00:05:48] I think that's John's personal expense.

Ramit Sethi: [00:05:51] Okay. So, John, your child support is your responsibility, right? That's not going to be, of course, counted by Lindsey, nor should it be. So, Lindsey, in this case, is paying for all the housing expenses. That's very generous. And the house is in your name. Lindsey, I think that's a good call. So, John, what does that mean for you in your housing expenses? How much are you paying for housing expenses?

John: [00:06:17] Well, like I said, it's just whatever else I feel like I can chip in. Like I bought all the wood for this season. I do a lot of the labor. I guess it's not necessarily monetary in my mind, which if that's a problem, that's a problem, and we need to have that conversation, but I feel like I've been very vocal about that, like is this okay? Are you sure? Alright. At least, I feel like I've been vocal about that.

Ramit Sethi: [00:06:51] Okay. Don't spin into this being a problem. I don't think it's a problem. Lindsey, is it a problem that he's not paying housing? No, it's not a problem.

Lindsey: [00:06:58] No. I think this is good to have this conversation.

Ramit Sethi: [00:06:59] Yes.

Lindsey: [00:07:00] It's good to say these things.

Ramit Sethi: [00:07:01] It's not a problem.

Lindsey: [00:07:02] It's not a problem.

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

Ramit Sethi: [00:07:03] Fine. So, trust me, life is hard enough. We don't need to create problems where they don't exist. So, it's not a problem that you are not paying for housing. It's great that you picked up the wood, and it seems like you do some stuff around the house. That's awesome. That's valuable. It may not show up on a spreadsheet, but that is definitely valuable. Okay. So far, so good. And John, that's actually a considerable amount of savings for you. I want you to really think about that. So, expenses, what are the big expenses that each of you is paying for? Lindsey, you first.

Lindsey: [00:07:38] So, my day-to-day spending, like lunches out that don't need to be if I prepared more, like we talked about, really looking in at that meal prep, Target, essential oil, my subscriptions that I like sign up for monthly, that I spend hundreds of dollars on.

Ramit Sethi: [00:07:57] So, how much could you cut realistically, be realistic, per month?

Lindsey: [00:08:00] At least \$300.

Ramit Sethi: [00:08:02] Okay. Fine. What else? Do you have a car?

Lindsey: [00:08:06] Yeah, I have a car payment, and that's something I can look into doing to-

Ramit Sethi: [00:08:10] What kind of car did you buy and how much did you pay for it?

Lindsey: [00:08:12] I bought a Kia Sorento, and I'm going to own it, and it was \$30,000.

Ramit Sethi: [00:08:19] What is your interest rate on the loan? Do you know?

Lindsey: [00:08:21] It's got to be more than 6%?

Ramit Sethi: [00:08:23] Yeah. So, that loan, if you were to be able to refinance it, would save you way more than all your Target purchases and all of that combined, right? So,

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

in finance, basic competence means, we start with our biggest purchases of all, and we focus on those first, and then we work our way down to little things like Target expenses. Should you cut back on Target? Yeah, you probably should, but that's not going to make a big difference in your financial life right now. Okay. What's more important is your attitude, which is, "I don't need to save everybody and I need to look at where am I directing my money towards". Because guess what, what if you had \$500 more per month? What would you do with it?

Lindsey: [00:09:08] I have a little savings, like a 360 savings account on a Capital One, so maybe there is a smarter way I could put that \$500 somewhere else?

Ramit Sethi: [00:09:17] Yeah, it's called investment. You're 37, correct?

Lindsey: [00:09:21] Yeah.

Ramit Sethi: [00:09:22] So, do you know what your retirement situation is right now or your investment situation?

Lindsey: [00:09:27] I have a 401(k), which I'm contributing like minimally. I just saw that I have almost \$20,000 in that. And I don't look at that portfolio often, like I look at it probably once a year, maybe twice a year. It's not something I-

Ramit Sethi: [00:09:42] Do you know what it's invested in?

Lindsey: [00:09:44] No.

Ramit Sethi: [00:09:45] Okay. What else?

Lindsey: [00:09:48] With my job, I think like that company might have investment options, like reaching out to somebody to say, could you help me, and if there's a way that I could buy stocks within our company or something, maybe.

Ramit Sethi: [00:10:01] You're probably leaving like 10 to \$25,000 a year on the table.

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

Lindsey: [00:10:05] Wow.

Ramit Sethi: [00:10:05] Okay. How long have you been working at this company?

Lindsey: [00:10:08] Almost 10 years.

Ramit Sethi: [00:10:10] Yeah. Look, we can't change what happened in the past, but we can start tomorrow. Basic competence. First of all, is my money in the 401(k) actually being invested or is it just sitting in there in cash? I have a reader of mine. She opened up a Roth IRA, which is sort of like a 401(k), and something like 10 or 14 years later, she logged in and looked at it, and it had just been sitting in cash. She hadn't invested it.

She'd lost tens of thousands of dollars, because she never knew she's got to go log in and check how it's being invested. Basic competence, right? And this is all covered in Chapter 7 of my book. So, you will learn this, and then you will feel confident and empowered to focus on that, because that's where you're going to make real money. It's not, "Let me worry about my massage", that's not relevant. It's the big things that really matter for you. Right now, and I guarantee if you just had it sitting in a savings account, come Christmas, you would just spend it all, right?

Lindsey: [00:11:12] That's what happened, I had 5,000, and now, it's down to three, so yeah.

Ramit Sethi: [00:11:15] Why? Because you have no purpose behind it. It's just, "Oh, I know I should probably save more. I put in a savings account, but I don't even know what the purpose of this is". Like the two of you haven't sat down and said, "This is what we're doing this year, and we're going to spend X. I'm going to contribute 60%, you contribute 40%, and we're going to do this in November." It's just head in the sand. It's no wonder. Like the money is just flowing in and out, and there's no purpose to it. There's no vision at all. Okay. So, your investments, I can tell you right now, need to go up substantially. I want to come to John now. John, your expenses, what are the major ones that you're paying for?

I Will Teach You To Be Rich podcast Episode 32:
Lindsey and John (Part 2)

John: [00:11:58] So, major expenses is probably, I mean, top one is child support, followed by probably car payment.

Ramit Sethi: [00:12:07] That's right. We are talking about trucks again, my new favorite topic. Last week, we heard about the truck that John leased. He cannot afford this truck. It was a bad financial decision, as are many truck purchases in this country. And he actually admitted, deep down, he bought it because he wanted to spite his ex-wife. Now, we got to get into the numbers.

How much is your take-home pay, John?

John: [00:12:38] About 13 biweekly.

Ramit Sethi: [00:12:40] Okay. So, 2,600 a month.

John: [00:12:42] Twenty-six, yeah.

Ramit Sethi: [00:12:43] And how much is your child support every month?

John: [00:12:45] All in all, probably 1,200. It's maxed out to the New York State max. Yeah, it's maxed out to the New York State limit. So, no.

Ramit Sethi: [00:12:54] So, I'm just pointing out that that's approximately 50% of your take-home pay.

John: [00:13:00] Yeah, I'm aware.

Ramit Sethi: [00:13:01] Ok. Yeah. You're like, "Of all the numbers I don't know, I know this number down to the penny". Okay. Fine.

John: [00:13:07] That's where I'm like, oh, I just give up. Yeah.

Ramit Sethi: [00:13:11] Okay. So, I don't want you to give up, and I know that it can feel like, "Oh, my God, I'm overwhelmed, I have that, I have debt, I have student loan, I have

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

all this stuff", and you're just like, "Fuck it, I'm going skiing". Okay. We don't want that. We don't, because once you do that, the game is over, right? Once you lose the will to play, the game is over.

John: [00:13:29] Yeah, I oscillate, I oscillate.

Ramit Sethi: [00:13:32] Okay. So, you have 1,400 bucks a month after child support. 400 of that goes to your car.

John: [00:13:44] Let's say 500, and then 300 for gas.

Ramit Sethi: [00:13:46] And you're not paying any housing, do you realize how ridiculous this is?

John: [00:13:50] I do. I do realize that. I do realize how ridiculous that is. I do.

Ramit Sethi: [00:13:55] So, you have \$900 left per month, and this goes where?

John: [00:13:59] I mean, that goes to, what, food, gas, anything fun, anything fun for my kids, clothes for my kids that I personally get to buy for them.

Ramit Sethi: [00:14:09] Yeah. So, I'm just going to share the numbers out loud, and then I want you to tell me what you would do if I were in this situation. Okay. My name is Ramit, and in this scenario, I make 2,600 bucks a month take home. By the time I pay child support and my car payment, I have 900 bucks a month left. I don't have any housing expense, and I have a bunch of debt, and kids, and eating out, and stuff like that. What should I do?

John: [00:14:38] Cut down on eating out, number 1.

Ramit Sethi: [00:14:40] Okay. What else?

John: [00:14:41] I could get a cheaper car payment.

I Will Teach You To Be Rich podcast Episode 32:
Lindsey and John (Part 2)

Ramit Sethi: [00:14:43] Yeah.

John: [00:14:44] Yeah. An obvious one anyway.

Ramit Sethi: [00:14:46] Get rid of that truck tomorrow. I'm not kidding. Get rid of it. How long is your lease for?

John: [00:14:52] So, it's up in May.

Ramit Sethi: [00:14:53] Okay. You may want to look into what happens if you break it early, but if you can, break it. You need every extra 200, 300, 400 bucks you can get right now. And more importantly, you need to break yourself out of the cycle that "I'm powerless and I have no agency in this". It would be like if you're a CrossFit and you're like, "Oh, I can't lift this", and your coach is like, "Shut the fuck up. Lift that thing, even if you need to use both hands just to prove to yourself that you can lift that thing", and then you're going to realize, "Oh, my God, I'm stronger than I realized". So, one of your homework items is to find out from your dealer, "What are the penalties if I return this car early?" You may find out they want it back early, because they can make more money right now, because of the used car market. If so, bye-bye truck. Okay.

Just a quick note on my CrossFit example. It's a little aggressive. I know, I'm telling you. The coach is out there, "Shut the fuck up, lift it". First of all, that's probably not a great coach. I'm not an advocate of that type of coaching. But I want to tell you why I used that example. As I am sitting here recording this podcast, I can see both members of the couple. I can tell John is a very physically fit guy. I can tell he takes a lot of pride in his ability to lift.

In fact, at some point, he mentions that he lifts, and he eats chicken and rice, et cetera. That's why I used that example. If you're having a discussion with your partner, and they are not taking ownership, and you go, "Hey, what would a CrossFit coach say? 'Shut up and lift that'", and they've never even been to CrossFit, that would not go over well. So, that's why I used that example. And the key principle there is make sure that you are using examples that connect with the person you're talking to. Alright. Back to John.

I Will Teach You To Be Rich podcast Episode 32:
Lindsey and John (Part 2)

Now, let's pretend they say, "Sorry, we can't do anything". So, May comes around, you finally turn that truck back in, what are you going to do for an automobile?

John: [00:16:52] I was planning on buying it out, but I would say you're going to say no.

Ramit Sethi: [00:16:57] With what money were you going to buy it out?

John: [00:16:59] Yeah.

Ramit Sethi: [00:17:00] You didn't think that far, did you?

John: [00:17:02] Well, I did, but I have a solution. I was like, yes, I'm going to need money, how am I going to get that money? I didn't have that piece.

Ramit Sethi: [00:17:09] Okay. Okay. Well, that's good. So, listen.

John: [00:17:13] Other than working really, really hard or something.

Ramit Sethi: [00:17:19] You can't outwork yourself from certain things. You can't.

John: [00:17:25] Yeah.

Ramit Sethi: [00:17:25] Right? And I hope you're starting to see that. Even this working extra two months, you make 10, 15,000 bucks, you can't outwork the cost of a 50,000-dollar truck, not at your income.

John: [00:17:38] Right.

Ramit Sethi: [00:17:39] It's time to be honest about that, right? Have you ever said to yourself, "I can't afford that"?

John: [00:17:45] Oh, yeah. Yeah, I'm sure. Fuck yeah. Hell yeah.

Ramit Sethi: [00:17:49] Really? Like what?

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

John: [00:17:50] Well, like my truck. Like my truck, yeah, I can't afford that.

Ramit Sethi: [00:17:53] What do you mean? You just told me two seconds ago, you were planning to buy out the truck?

John: [00:17:56] Well, no. I mean, when I leased it out, I was like, I can't really afford this, but I got a shitty car, I rationalized it.

Ramit Sethi: [00:18:02] John, my question was, have you ever said to yourself, "I can't afford that", and therefore not bought it?

John: [00:18:11] Oh, yeah, yeah, yeah. I'm sure I have.

Ramit Sethi: [00:18:14] Lindsey, do you agree?

Lindsey: [00:18:16] No, you say yes to everything. You never tell me no, that you can't afford to go out to dinner with me. You never tell me no, that you can't do an activity. You're always game. And maybe that's what you need for me to stop saying, let's go out to dinner. Maybe that's what will be a good thing for me to support you by coming up with inexpensive, fun trips for us.

John: [00:18:36] I just don't want to be like, oh, inexpensive trips, like I'm not a fucking burden. I'm not here to be anybody's burden. I'm good. I'm a farm boy, like we can get by. Like I'm not going to be here—I'm not your money bitch, like I'm not your money burden.

Ramit Sethi: [00:18:51] Whoa, everything just went off the rails, did you notice? So, I'm asking this innocent question about, have you ever said you can't afford something? John goes, "Yes", and then I bought it, and I call him on it. Lindsey comes out saying, "Hey, you actually never say that. You constantly say yes, and maybe I need to change my approach." And suddenly, John erupts with this, "I'm not a burden", thing that he's got going on. You can see that John is resentful, and it makes it very difficult to get to the core of what is really going on when John covers it up with this odd armor of "I'm not

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

a burden".

In fact, notice what John said. He said, "I'm a farm boy. I'm nobody's burden. I'm not your money bitch." What do you think is really going on there? It's so complex, it's so multilayered that it is unlikely John will be able to make a big enough change. I hope he does, but the reality is he's not really listening to me, and he has faced no actual consequences for his spending behavior. He's in debt over \$125,000, but he still has his truck, he still goes snowboarding, he still pays no rent, and he's not listening, that's the worst of all. This is very frustrating.

John, I think it must be tough for you to not be earning as much as your wife, and to have \$100,000 in debt, and not have a plan to get out of it.

John: [00:20:30] It's like a 12 out of 10. It's like, oh, it's over the top.

Ramit Sethi: [00:20:34] Yeah. And I feel that-

John: [00:20:37] If we were separate, if we were just dating, it'd be fine, but like I don't know. It's so over the top.

Ramit Sethi: [00:20:44] Over the top means what? Embarrassing, shameful, what is it?

John: [00:20:48] It's embarrassing, but also, I need to know how we're proceeding with all of the debt and the investments. And I don't want to feel like a burden, I'm not, I'm a hard worker, and I will pay my way.

Ramit Sethi: [00:21:02] John, can you see that she's trying to help both of you get to that answer of what to do with this debt?

John: [00:21:10] Yeah.

Ramit Sethi: [00:21:11] Okay. And your response to her was really frustrated, it was a bit over the top. Did you see that?

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

John: [00:21:18] I just want to feel valued on my end, even though it's not monetary, you know what I mean?

Ramit Sethi: [00:21:23] You want to feel like you're contributing to the relationship?

John: [00:21:26] Yes.

Ramit Sethi: [00:21:26] Yeah. You know what's funny, John? This is so funny.

John: [00:21:30] Yes, I do.

Ramit Sethi: [00:21:31] First of all, I know you contribute to the relationship. Lindsey, would you agree?

Lindsey: [00:21:36] Yes.

Ramit Sethi: [00:21:36] Okay. Everybody agrees that you contribute. John, when I was speaking to my wife about money, when we were engaged, we had a lot of really challenging discussions, very similar to the ones you're having. We had a lot of spinning and some anger, all kinds of stuff. And I made more money than my wife. Okay. So, we were talking about what's going to happen, working, what if we have children, things like that.

And my wife would continually say to me, "I want to feel like I'm contributing, even if I'm not making as much money." And something really interesting happened in that conversation. First of all, I was like, "Yeah, I know. I know you're contributing. I get it. I value it." She didn't hear me. And I came to realize that in a relationship where one person is earning more than the other, the person who's earning less often feels they're not being valued.

And the thing about money is it's really easy to put a number on it. We can look at how much you're paying for your truck, or the mortgage, or the kids, or Target, and you can see that on a computer screen, but nobody can value how much it is when you cut the wood, John, or when you make sure that the house is locked up at night, or that you

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

take the kids out for a walk. We just can't put a number on that, nor should we try to. Okay. I want to pause here just to see how both of you are feeling about this, because it's a really important thing. John, what do you think?

John: [00:23:20] I'm just feeling frustrated. And I guess I don't like the phrasing, and this is on me like, "I want to help pay down John's debt." Okay. If it's John's debt, John's going to go take John's shit and go deal with it, like I just need it rephrased or something.

Ramit Sethi: [00:23:39] What would you like it to be phrased as?

John: [00:23:41] I just don't want it to—however it can be phrased that it's not like, and she's not saying, she's a goddess, like she's not saying it like that, but that's on me. That's how I envision that. I don't want to be, like you said, you can put a number on income, but you can't put a number on other skills or whatever that balance our worth together.

Ramit Sethi: [00:24:07] John, what do you want it to be phrased as?

John: [00:24:10] Our expenses.

Ramit Sethi: [00:24:13] So, is your debt a joint expense now?

John: [00:24:16] I don't know. It depends on if other expenses are joint expenses, maybe like—so I mean I accrued that debt on my own, but now, it's a value to us, because now, I have a pension, and this, and that, so how do we split that then? Is that all mine, too, or?

Ramit Sethi: [00:24:37] Tell me. Why don't you just—can I point out to you that it seems like you're both waiting for some magical person to come down from the sky and tell you the right answer? Do you guys know that you two decide?

John: [00:24:49] Here's my answer. Here's my thing. If we're married, we're pulling everything together, and we're splitting everything or not.

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

Ramit Sethi: [00:24:54] Why don't I suggest that you just soften that a little bit? Like, "Lindsey, it seems like we're going in circles, here's one proposal, what if we combined everything and everything is joint?" Okay. Why don't you ask for that? That feels a lot better, don't you think?

John: [00:25:13] That's a way better question. I got to work on my delivery. Yeah.

Ramit Sethi: [00:25:17] Okay. Do it.

John: [00:25:18] Hey, Lindsey, what if we pulled all of our income together and just spent everything out of that one pot?

Lindsey: [00:25:26] That really scares me. But if we could do it the smart way, I guess I want to think more about the money that you have, that \$900 that you have a month, and using that like to make some moves to cut down that debt.

John: [00:25:44] Okay. Yeah, totally. But if that \$900 is going to go towards that, then it's going to come from gas, and any takeout, or any groceries, that's got to be accounted for in some other way, which I'm happy to do, but that's what we have to figure out. Maybe we need like a house card account or something, grocery account or something.

Lindsey: [00:26:11] So, having funds, so we put our income together, I'm just scared that that—we just said that I wasn't going to take on that \$120,000 worth of debt, that that wasn't going to become mine to pay. So, how can we work together by you continuing to pay that, but me help you with—how can we help you feel like the financial pieces are split or that we have like maybe a card like for groceries or something, or like a joint account for gas that I put in or something?

John: [00:26:46] I still feel like a crutch and a burden.

Ramit Sethi: [00:26:49] I mean, so what? You feel like a burden. So what? Yeah. Let's put it this way. Pretend I lost my arm in an accident or something. Okay. So, my left

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

hand doesn't work anymore and I can't drive a car or something, so my wife has to drive when we go somewhere. Yeah, I feel like a burden for a while. Am I a burden? Be honest. Am I a little bit of a burden to my wife if I can't use my left hand? Yeah, a little bit. But does she still love me and are we still going to have a great relationship? Yeah. And can I learn how to find other ways of managing that? Are there prosthetics or can I train my other hand to do things? Yeah. If I come into a relationship with \$130,000 of debt and bad spending habits, am I a burden, John?

John: [00:27:40] Yeah.

Ramit Sethi: [00:27:41] Now that you have said the truth, now, we can accept it and change it. Do you want to be a burden?

John: [00:27:48] No.

Lindsey: [00:27:48] You're making that super clear, and I want to support you when I ask, what can I do to help you? Like how can I let you know how much I value you, that yesterday, when we went snowboarding, and we took the kids, and they were having so much fun like, that, I can't put a dollar sign on, but that means the world to me.

John: [00:28:08] How am I going to not be a burden? I'm not going to be, when you say, let's go out, like I said, buy wine, "Babe, can you pick up wine?" "No, I can't." "Hey, let's order take out." "No, we're cooking chicken at home." I'm okay with it, I eat the chicken and rice, and sweet potatoes, and kale every night.

Lindsey: [00:28:29] And I promise, I'll come home, too, and eat it, and then I'll put a smile on my face.

John: [00:28:35] Yeah, then I'll be happy.

Ramit Sethi: [00:28:37] Okay. This is a real partnership here.

John: [00:28:40] This is how I lived when I was single. When I was single, sweet potato, chicken, rice every night, kale, oatmeal for breakfast, and I was good. I was living in a

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

one room farmhouse making it happen. I made 6,000 extra dollars in two months after being like, no paycheck for two months, oh, really? Let's see. Let's get it done, and I got it done.

Ramit Sethi: [00:29:01] So, John, I love the energy. First of all, I love the macros that you were consuming when you were single. I love that. Respect.

John: [00:29:08] I still.

Ramit Sethi: [00:29:09] Okay. Great stuff. I love the energy you have when you think about being single, but do you notice something? That aggressive, assertive energy when you were a single guy, how would you describe your energy right now when it comes to paying off your debt?

John: [00:29:26] It depends.

Ramit Sethi: [00:29:27] No. No, it doesn't. How do you think I perceive your energy on today's call? It's lethargic, it's lazy, it's helpless. "I don't know what to do." I'm going to use the gym example, because you know it. It's somebody coming in and saying like, "Oh, I want to like transform my body", but they show up late, they don't do anything, they don't listen to their coach, but deep down, you know they can crush it. And so, I think there's something here, John, when you were single, you were making it happen. You were hustling. Like no obstacles stood in your way. What's the difference right now? What changed?

John: [00:30:07] I have five kids and—hahaha.

Ramit Sethi: [00:30:11] This is it. This is the turning point for John, if he realizes it. He is so close to understanding why he behaves the way he does. I'm going to gently push on him, because I want him to stop spinning, to stop repeating these automatic phrases about being a burden, and I want him to actually stop, breathe, and think about why he does what he does.

I Will Teach You To Be Rich podcast Episode 32:
Lindsey and John (Part 2)

Keep going. What's that 800 bucks a month that comes right out of your paycheck? What is that?

John: [00:30:42] Oh, yeah. So, it's actually 1,100 bucks, yeah, that's child support. Yeah. What about that?

Ramit Sethi: [00:30:48] And how do you feel about that?

John: [00:30:49] Super fucking resentful, burns me to the core every second.

Ramit Sethi: [00:30:53] Exactly. So, listen to this. When you were single, and it was just you, and some obstacle came up, and you were like, "I'm going to crush that", and you found a way around it, now, I know you want to pay for your children, I know that, I'm not taking away from that, but I can sense the resentment that's so obvious. And how do you think that makes you feel about the rest of your financial situation when you combine that with all your debt?

John: [00:31:20] Like an indentured servant.

Ramit Sethi: [00:31:22] And so, what do you do when you feel like that?

John: [00:31:25] I just feel like, what's the point? Like what am I, just working to make money to pay this fucking idiot? So, like what am I even around for?

Ramit Sethi: [00:31:35] So, John, do you see the core of why you are so resentful and absent with your money?

John: [00:31:42] Yeah.

Ramit Sethi: [00:31:43] What is it?

John: [00:31:44] I mean, it's just this cycle of helplessness, I guess.

Ramit Sethi: [00:31:48] Why? Because every-

I Will Teach You To Be Rich podcast Episode 32:
Lindsey and John (Part 2)

John: [00:31:49] Defeated.

Ramit Sethi: [00:31:49] Exactly. You're defeated. And I can sense that in you, and yet I'm looking at you, I'm like, well, this guy is not defeated, he's talking about macros, he's talking about working out, he loves going out with his kids, and you love your job. So, just play this out for me. One more thing, for every dollar you make, how do you feel about the next dollar you make?

John: [00:32:11] I'm not even going to see it.

Ramit Sethi: [00:32:14] Exactly.

John: [00:32:14] It's not even mine for the next 100,000 years.

Ramit Sethi: [00:32:17] Exactly. So, do you now understand why you are so avoidant with your money?

John: [00:32:24] Yeah, totally.

Ramit Sethi: [00:32:25] What is it? Say it to me in a sentence.

John: [00:32:27] I mean, it's like hopeless. It's a hopeless situation. And I mean, like so I say I'm defeated, but right now, in these couple of days, I'm feeling a little bit down, but that's not my personality. Like I don't-

Ramit Sethi: [00:32:43] Notice what John just did. He took the real situation and he minimized it. He said, "Well, I'm just feeling down these last couple of days, but that's not how I am normally". He's not listening, and this is the crux of the real issue. Yeah, John has learned helplessness. John believes that for every dollar he makes, he's basically going to see none of it, so he's just giving up. But when I'm pointing this out to him repeatedly and I'm saying, what do you notice? He goes, "Yeah, yeah, I get it." I said, what is it? Tell me. And he tells me, and then he instantly doubles back and minimizes it. This is a really bad sign, makes it unlikely that John can actually change.

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

I know. John, I know it's not your personality, and yet—

John: [00:33:32] So, I don't want a Debbie Downer, but I'm going to get the shit done or else, one way or another.

Ramit Sethi: [00:33:36] John, listen, you're saying this like it's a surprise to me, but if anyone should be surprised, I want you to really listen to yourself. I don't think you're actually hearing what's going on right now. You're a positive guy. You know how to get shit done. You've done it in the past. You were good living on minimal stuff, eating the same food. You didn't need all this fancy stuff.

Fast forward to today, you feel defeated, helpless, like every dollar you earn for the rest of your life is not even yours, so therefore, what's the point? If you connect the dots, do you now understand why you haven't read my book? It's not because you don't like to read. I have an awesome Audible version with insider stuff that's only on the Audible version. Why? Do you understand why?

John: [00:34:25] Truth hurts, man. The truth hurts.

Ramit Sethi: [00:34:27] The truth is, John, every move you make towards paying off your debt or earning more money feels like it's just going to be taken away and sucked into a black hole, so why bother?

John: [00:34:39] Exactly.

Ramit Sethi: [00:34:40] And that's why you get mad at Lindsey and you react with this very odd out of left field reaction like, "I don't want to be a burden." She's not making you a burden. You are reacting to her talking about coming up with a reasonable plan, because deep down, you hate the idea of making forward progress with your money, because what does forward progress mean?

John: [00:35:04] It's not mine anyway.

I Will Teach You To Be Rich podcast Episode 32:
Lindsey and John (Part 2)

Ramit Sethi: [00:35:06] And whose is it, by the way?

John: [00:35:07] It's the student loans, my ex-wife.

Ramit Sethi: [00:35:12] Yeah, it's your ex-wife. And so, the more you win, the more you actually lose, and who really wins?

John: [00:35:19] She wins.

Ramit Sethi: [00:35:20] She wins. Unless you can change that in your mind, unless you can say, "Look, these are the cards I was dealt with, I can't change that, so either I can sit here and simmer in this resentment for the rest of my life, which is going to cause my own wife to become resentful, because she's seeing me making no forward progress, complaining left and right, and reacting in all these weird ways, unless I can get over that, I'm going to be on this path forever". There is no magic secret for you to pay this debt off. This debt will grow. You will never get rid of this debt unless you make a very dramatic plan to get rid of it. That's the truth.

Lindsey: [00:36:00] I'm excited to make dramatic plan, and support you, and me make a plan, too, because we can do it.

John: [00:36:08] Can we say support us moving forward, not just—I feel like it's triggering me.

Ramit Sethi: [00:36:14] Say it again. Let's start a fresh slate.

John: [00:36:17] Let's support each other moving forward in our financial journey, because I'm not a fucking burden, I bring a ton of shit to the-

Lindsey: [00:36:24] See, there you go with your little anger thing, though, yes, let's support each other, I want to support each other.

Ramit Sethi: [00:36:32] I don't know. Did I reach him? Maybe. I know what the problem is, Lindsey knows what the problem is, but I don't think John has actually stopped to

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

listen. He's very good at coming up with explanations. He's very good at spinning, and running, and moving, but sometimes, you can't outrun a problem. Sometimes, you have to stop, slow down, and confront it head on. And he can repeat the things I say, and he can laugh, and admit, "Yeah, it's my ex-wife", but I don't think he has really grappled with the fact that for every dollar he makes, deep down, he believes he's losing.

And worst of all, he's not just losing to a random person, he's losing to his ex-wife, who he's clearly angry at. So, did it help? I don't know. Will he change? I hope so. But based on even the last couple of minutes of our conversation, I would say it's unlikely. After this part of our conversation, I stayed and spoke to John and Lindsey for quite a bit longer. I worked with them on creating a plan.

I talked about some postnup options that they have. I talked about how they can create a debt payoff plan, and John can take ownership and really prove to Lindsey that he's committed to making a change here. Finally, I talked about some of their spending. I encouraged them to make a disciplined plan about what they are going to cut back on. I want to read you part of a message that Lindsey sent me as a follow-up. It's quite striking.

"Rami, thanks again for taking the time to speak with John and I. Reflecting back on our conversation, I'm still surprised at the negative emotions I feel towards money. I meet with a counselor, read books, journal, and listen to podcasts, but never have I reflected on my own personal emotional growth that needs to be done regarding money. Duh." She said that, not me.

"The anxiety I feel is real and I can't put my head in the sand any longer. I want to end this long cycle of family incompetence, not just for me and my future, but for my kids and their future. After we met, I went out in the kitchen smiling ear to ear, but was quickly faced with John giving off the energy of irritation and frustration. We didn't take your advice to wait for our conversation and we got into a huge fight.

So many emotions and past shit from our childhood and previous relationships was right there on the surface. We went to bed mad and annoyed, and the next morning, I had to work an extra shift. On the way, I listened to your podcast. I was still feeling

I Will Teach You To Be Rich podcast Episode 32:
Lindsey and John (Part 2)

embarrassed that I didn't have a clear picture of my finances, but after listening, I'm relieved to know I am not alone. After my shift, I started a Google document.

First up, my paycheck, looked at gross and net income. I have never done that, but I will now. I then looked at my biggest purchases, my mortgage, car payment, et cetera. And do you know I'm paying over 9% interest rate for my car payment? I've also started reading your book. John and I are reading it together. We have promised six weeks to one another. Our weekly chats are on the calendar along with a monthly date night. I am hopeful it will be a promise we keep to ourselves forever."

Thanks for listening to I Will Teach You To Be Rich.

I'm going to give you a quick rundown of what I would do in this situation if I were involved in it. Okay. Some of it may be relevant, some of it may not. Some of you may decide yes or no, or you may want to talk to somebody else about it, but I'll tell you what I would do in a similar situation. So, what I would do is I would get a lawyer and I would sign a postnup. A postnup agreement like a prenup, but it's after you're married, and I would legally separate the debt.

Why? You've already been divorced once, and if, for whatever reason, you were to get divorced again, Lindsey, there's no reason for you to take on 100-plus thousand dollars of debt. I, like you, was like, what? Prenups are only for rich people and like people who are like assholes with a Richie Rich top hat. That's what I thought. No, as you know, getting divorced, there are some real reasons to have a prenup.

It sets the rules of who owns what. And so, the fact that both of you are coming to the marriage with different assets and different debt, I think would be really important just to create some lines in the sand that says, "In the worst case, if we end up separated, your debt is yours, my debt is mine". Second, I would come to a decision on how are you both going to treat your debt. Okay.

So, right now, I actually still don't know that you have both come to a clear decision on, is the debt purely John's responsibility, or Lindsey, do you want to contribute to it in some way? And if so, how much? Okay. So, I think you're both assuming that you

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

should just combine everything, and then the debt should just be paid like from one account. Well, if that's the case, then because of your earnings, Lindsey, you're ending up taking on over 50% of his loans.

That, to me, doesn't make any sense. What I would do is I would come up with some rules. If I was Lindsey in this relationship, I would say something like, look, it's really important for me to see that you can pay your debt down for six consecutive months and make a serious dent in it. Now, if I'm John, first of all, I'm feeling like, whoa, I don't feel good hearing that, but I understand it.

And John, if I'm in your position, I go, "Okay, fucking great, I have a challenge, I know how to solve it. I'm getting rid of the truck. I'm getting a cheaper car. No more of this takeout stuff. All that skis", blah, blah, blah, "No more of that. Cheap stuff for the kids and I'm going to need Lindsey's help, because some of the stuff, I don't have the skills to do. Lindsey, I need your help to come up with some ideas for the kids.

And Lindsey, I need you to not be buying a bunch of stuff out there, because I can't have the temptation." Okay. "But Lindsey, again", I'm speaking as John in this example, "I've put together a plan, and over the next six months, I'm going to work my debt down by 600, 800, 1200 bucks a month", whatever it is. John crushes it, of course. You come together. Lindsey goes, "Awesome. You keep paying that, and I want to add on X hundred dollars a month, which will accelerate the payoff by years and years."

Okay. Now, you're both in it together. John's picking up the bulk of the slack, because it's his debt. Lindsey has agreed to help, but it's not your debt, Lindsey, you're just doing it because he's your partner, but you're not doing the bulk of it. He's doing it. It's his responsibility. Okay. A couple other things I would mention, John, I would, after this call, next couple of weeks, find out the details on your loan forgiveness.

That is a huge amount. You need to know exactly what's going on with it. No more head in the sand. Take control of that. Find out exactly what it takes. And then, finally, I would start reading my book together, six chapters once a week. You guys both read the chapter, and you come together, talk about it. Set aside 90 minutes. Each of you brings your questions. Get a quiet space with no kids around and do that.

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

Okay. You're both going to become very competent about it, like way more competent than you are now. You're going to feel so fucking good, because you're going to be like, how did we get 40 years of our life without ever knowing this? The two of you need to come up with a vision for what you want besides not feeling anxiety, besides not having a gaping wound in your arm. But here's a challenge for you. Both of you live above your means. You live above your means.

So, all these things I heard, like you took a ski trip like yesterday, and I'm looking at, you have like \$125,000 in debt or more, to me, that's crazy. If you have that much money in debt, you don't go skiing. It's just as simple as that, right? So, maybe buckle down, tough times for X months, maybe even X years. But if you do that, you can start saving money, putting it aside. You can go out. You can go out to dinner once in a while.

I'm not saying you have to become restrictive about everything, but the life you're living with the leased cars, and the skiing, and the this, and the that, you're probably living above your means. And once you read the book, you will understand where the money should be going, and that's going to be a big wake-up call for you. Okay. That's what I would do. If you did that, I bet you that within 12 months, you would make a massive dent in this debt, massive.

By 18 months, the debt would be paid off even faster and faster, you'd be accelerating it, and the two of you would be way more aligned. No more tiptoeing, walking on eggshells, no more fighting, no more mindless Target spending. You'd be spending quality time with your kids with each other, and most importantly, you'd be transmitting these really sophisticated money values to your children. Twelve to 18 months to change your life, you can do it.

Ramit Sethi: [00:46:38] What do you think?

John: [00:46:39] Love it.

Lindsey: [00:46:40] I think it's great.

I Will Teach You To Be Rich podcast Episode 32:

Lindsey and John (Part 2)

Ramit Sethi: [00:46:41] John, who's going to take the lead on his debt is going to become pretty sophisticated with debt. He's going to learn about how to calculate exactly what month and year his credit card debt will be paid off. And John's going to learn, "If I put \$100 per month towards it, it will never be paid off. If I put 500 a month, oh, it'll actually make a pretty big dent. Oh, my God, if I put 600 a month or 700, that can cut it down by years", right? So, it's just like, whoa, it increases. So then, what John's going to do is he's going to start paying every single month some pretty substantial amount towards it. And why do I say substantial? Because what are you guys not going to be spending money on anymore?

Lindsey: [00:47:29] The mindless stuff. We're really going to make some cuts. We're living beyond our means and I'm going to stop with the temptations of-

Ramit Sethi: [00:47:39] But be specific. These are all words. I want to know exactly, what are the specific places you go that you're not going to spend money at anymore? What are they?

Lindsey: [00:47:46] Greek Peak.

Ramit Sethi: [00:47:48] Okay. What else?

Lindsey: [00:47:49] Beer Tree.

Ramit Sethi: [00:47:50] What is that? What is that, a bar?

Lindsey: [00:47:54] It's a restaurant. It's this great restaurant, but—actually, let's take that back. Monthly. Instead of going—we like to go once a week, let's go once a month.

Ramit Sethi: [00:48:03] There you go. Great. You don't have to deprive yourself entirely. Once you're honest, you go, "What the fuck? Okay. Fine. We're still going to go to the restaurant because we like it, but instead of once a week, once a month, and we're going to put it on the calendar, so we are not tempted, one night, we come home tired from work up, 'Ah, let's go over to the Beer Tree.' 'We're already going there in a week-and-a-half, it's already on the calendar, let's just cook some chicken and rice

I Will Teach You To Be Rich podcast Episode 32:
Lindsey and John (Part 2)

tonight'."

Simple, right? I think you guys have been living in this like underwater hopelessness for so long that it's actually scary to both of you to actually have a plan and start working towards it. The past has not been good for your finances. So, if I were you, I would find more solace in the future, because that past thing is not doing you any favors, right? And once in a while, you guys are going to break down. Lindsey, you might forget and text him to bring some wine. John, what are you going to say if she texts you?

John: [00:49:03] Let's save that money for our vacation.

Ramit Sethi: [00:49:06] There you go. Have a vision. Because for you, John, you're just resentful, "Every dollar I make is just getting sucked up." And then, Lindsey, you're too scared, and you've been told that you're not capable of doing this money, and you should just sit there quietly, and let other people do it. So, both of you are just like, "Ah, what the fuck? What am I going to do with this money? Forget it. I'll just spend it in self-soothe."

You have no vision. I mean, some of the vision is just, "What's it going to feel like when we have no debt, but what's it going to feel like when we have a 401(k) that's full? What's it going to feel like when we can go on vacation and stay an extra two days just because, and show our children this amazing part of whatever part of the country you want to go to that they've never seen?" Oh, that's a vision. So, I'd rather take the kids camping than go to Target or buy some wine. Alright.

Lindsey: [00:49:59] Thank you so much.

John: [00:49:59] Thank you so much.

Ramit Sethi: [00:50:00] Yeah.

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I Will Teach You To Be Rich podcast Episode 32:
Lindsey and John (Part 2)

library, and it will show you the specific tactics for how to build the I Will Teach You To Be Rich system into your personal finances.