

I Will Teach You To Be Rich podcast Episode 35:
Ashley and Josh (Part 2)

Ramit Sethi: [00:00:03] Just tell me what is going to happen, whether it's tomorrow or 20 years from now, if you keep this lifestyle up.

Josh: [00:00:10] It means we'll break up and no longer be together.

Ramit Sethi: [00:00:12] You're going to break up.

Josh: [00:00:14] Correct.

Ramit Sethi: [00:00:15] Ashley.

Ashley: [00:00:16] Yeah. If we keep going like this, we're going to continue to fight about money, not get to our realistic goals, and break up.

Ramit Sethi: [00:00:26] Well, in the last episode, you heard Ashley and Josh talk about what they consider to be a 10 out of 10 problem. Ashley expects Josh to pay for all of their date nights, but Josh is frustrated. He wants a financial partner. Last episode, we started digging in to where Ashley came up with her belief that Josh should pay for everything. Her answer was he's the man. In today's episode, part two, we're going to talk to Josh.

I want to understand more about their financial situation. It's interesting that they both earn roughly the same amount of money, around 150K each. Remember, they haven't been together for long, just about a year or so, but they've started to talk about their future, moving in, getting married, potentially having children, but they cannot seem to agree on the date night issue, as well as how they see money together.

Now, let's talk about the debt really quick. Ashley has \$18,000 of debt. Josh has \$70,000 of debt. So, I wanted to dig in to Josh's finances a little bit more, and what I discovered today is quite revealing. As you listen to this episode, please remember that at the end, I have a follow-up from both of them. Let's listen in. This is I Will Teach You To Be Rich.

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

Ramit Sethi: [00:02:05] Josh, you've got \$30,000 of credit card debt and you've got a 40,000-dollar vehicle loan. Okay. We've got to spend some time on this. What's up with this 30K of credit card debt?

Josh: [00:02:21] It got ran up on a single credit card approximately five years ago for a business that I had started. There was other financial backing on it, but that was my personal part that, kind of in the end, ended up stuck with. So, it kind of just sits there. I make the minimum 490-dollar a month payment and it goes down by 50 bucks, because I don't know what to do with it and-

Ramit Sethi: [00:02:49] What do you mean, what to do? What, do you take it to bed with you and cuddle it? What do you mean, what to do with it?

Josh: [00:02:53] Well, I kind of resent it, because it represents something that failed, and as far as the business goes-wise, and I feel like it's such a big number, I haven't really been sure how to attack it as far as like-

Ramit Sethi: [00:03:04] What are your options?

Josh: [00:03:06] There's a lot of options out there for this. There's making larger monthly payments. There is getting a debt consolidation loan. There's getting a personal loan from one of those places that give you 25, 30,000-dollar loans at 3 or 4%.

Ramit Sethi: [00:03:21] So, you've been thinking about this for how many years?

Josh: [00:03:23] Four years.

Ramit Sethi: [00:03:25] Four years, and the amount has just been sitting there.

Josh: [00:03:28] Besides pay a little bit down, yeah, pretty much just sits there.

Ramit Sethi: [00:03:30] Okay. That's a critical mistake. This is a classic analysis paralysis, and you're just paying shitloads in interest, and unnecessary anxiety for you.

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

How come you seem so calm the whole call, and suddenly, we go, wait a minute, there's \$30,000 of credit card debt. You're very calm about this. What's up?

Josh: [00:03:48] It's just been put away kind of on the back burner and all these conversations with Ashley again, having bringing this stuff out, and kind of I need to address it, and figure out, A, why I'm avoiding it. That's the problem. And B, what I need to really do to change my current habits towards it.

Ramit Sethi: [00:04:10] Okay. So, why are you avoiding it? You tell me.

Josh: [00:04:14] Honestly, it doesn't—just like you said, it feels a little insurmountable, and you mentioned paralysis of not taking action, because I'm not sure which direction to go other than pay a little more.

Ramit Sethi: [00:04:27] Well, hold on a second. You make what, like over 12 grand a month? Okay. That's a lot of money. 30K of credit card debt, pay that thing off pretty quick.

Josh: [00:04:39] Well, when you meet a nice girl that requires a little bit extra, sometimes, the money that you are putting towards that debt stops getting put towards that debt.

Ramit Sethi: [00:04:50] Aha. We spent so much of that last episode focused on Ashley's expectation that Josh should pay for date nights. I know, I know, a lot of people said, "Ramit, why do you focus on her so much? What about him?" And not surprisingly, Josh has his own money issues. He's been sitting on tens of thousands of dollars of credit card debt for years. And I love how he says, "I'm not sure what to do except pay more".

Ah, yeah. Actually, I need to tell you how this drives me crazy. Do you know how many people write me, and they go, "Hey, Ramit. Do you have any advice for me? Here's my situation. It's a little unusual", and then they proceed to tell me a totally normal situation that literally millions of other people have. I go, oh, have you read my book? And then, they go, "I'm not looking for the usual advice. What kind of advanced techniques do you

I Will Teach You To Be Rich podcast Episode 35:
Ashley and Josh (Part 2)

recommend for me?"

I'm looking at a picture of this guy. He's wearing an ill-fitting bootcut pair of jeans and those striped buttoned-down shirts I used to wear when I was going out in 2006, and he's asking me for advanced techniques. No, my friend, who's DM-ing me in Instagram, asking for these advanced techniques, you don't need them. What you need to do is do the basics and fucking do them right. Too many of you believe that you're too advanced for the fundamentals.

Guess what, you earn the right to be advanced once you have mastered the fundamentals. Josh makes over \$12,000 a month. He could easily pay off his credit card debt. And when I pushed him, did you catch what he said? "Well, when a pretty girl comes around", translation, he's blaming her, and I don't believe him, because Josh was in debt before he met Ashley. He didn't pay off his debt then, he didn't pay off his debt once he met her. I think Josh needs a wake-up call.

So, Ashley demanded that you pay for these nice dinners, and therefore you can't pay off your credit card debt.

Josh: [00:07:06] That's not her fault, but that was the part of my budget that is now going to things that were maybe not part of my budget.

Ramit Sethi: [00:07:15] I see. And hence, when it comes to these dinners, these uncomfortable conversations, deep down, are what?

Josh: [00:07:25] That now, I'm not able to put money towards my savings or my debt. I'm not taking on new debt, because I've made that very clear since we started dating, I don't want to make that mistake, but I'm also not making headway.

Ramit Sethi: [00:07:38] That was a really logical answer. There's just one problem. I don't believe it, because you've had this debt for over four years and you just met her one year ago.

Josh: [00:07:48] Correct.

I Will Teach You To Be Rich podcast Episode 35:
Ashley and Josh (Part 2)

Ramit Sethi: [00:07:49] What's up with this car loan? What kind of car are we talking about?

Josh: [00:07:53] Just a truck, regular vehicle.

Ramit Sethi: [00:07:54] Fuck. Okay. We got to do this again. A truck, a fucking truck, what is it?

Josh: [00:08:01] It's the black GMC pickup truck.

Ramit Sethi: [00:08:04] Right, right. And where do you use this truck, Josh?

Josh: [00:08:08] We're into a lot of outdoor-type stuff, so I use it for camping, off-roading. You're going to love it. I have a boat. It's fun.

Ramit Sethi: [00:08:18] Oh, that's fun, and you use the truck to tow the boat?

Josh: [00:08:22] Yeah.

Ramit Sethi: [00:08:22] Of course. And how much is gas, by the way, out of curiosity, per month?

Josh: [00:08:27] More than it was a few years ago.

Ramit Sethi: [00:08:29] How much?

Josh: [00:08:30] If we don't go anywhere, 200 bucks.

Ramit Sethi: [00:08:32] So, this truck, I fucking hate trucks, you bought it at 50K, is that right?

Josh: [00:08:39] Fifty-three.

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

Ramit Sethi: [00:08:40] Okay. Fifty-three, and you have 40,000-dollar loan on this truck. What's your interest rate?

Josh: [00:08:47] 2 or 3%, super low.

Ramit Sethi: [00:08:50] So, I'm going to tell you two things about trucks. First of all, I fucking hate trucks. Okay. Virtually, every single person I meet who's in financial trouble has a truck. Okay. That's number 1. And number 2, whenever I ask them, why do you have a truck? Okay. I try to be nice, because maybe there's a reason, you know what they do? They always give me this logical reason first, "Well, I needed to go up this winter hill", I go, "Oh, really? You can't get up that road in a four-door sedan like grandma?"

And then, they go, "Well, I use it to tow my boat". They either have a 70,000-dollar trailer or a fucking boat. And then, I go, "Ah, let's put the boat to the side, we'll get into that in a minute". And then, it turns out when I unpeel, why? Why? Why do you have a truck? They just have a truck because all their friends have a truck, and it's a total status play. And so, while they make fun of their girlfriends and wives for having their Louis Vuitton bags and Chanel, whatever, they themselves have a 50,000-dollar status piece that they classify as logical. Is any of this resonating with you, Josh?

Josh: [00:10:03] Yes.

Ramit Sethi: [00:10:05] You cannot afford a truck, I'm just going to, point blank, tell you. They sink all their money into it, and then one day they wake up, "Oh, why do I pay over \$1,200 a month on my automotive expenses?" Well, because you made a decision two-and-a-half years ago. So, Josh, man, I understand the anxiety you have. Okay. I understand why you would be upset about going out to dinner. I get it. Ashley, do you get a little bit more of his anxiety now?

Ashley: [00:10:33] I understood it from day one when he told me about his debt, I didn't know about the car loan. I thought he was—like I have a lease, I just pay monthly payments.

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

Ramit Sethi: [00:10:44] Oh, you have a lease, of course. What kind of car is that for?

Ashley: [00:10:48] A Mercedes.

Ramit Sethi: [00:10:49] A fucking Mercedes.

This is the best. Ashley thought she was making a good point, but then she accidentally revealed that she's leasing a Mercedes. So, now, I got to go hunting for info. I truly have the greatest job in the world.

Ah, okay. So, this is great. How much is that per month, by the way?

Ashley: [00:11:11] I think it's 430.

Ramit Sethi: [00:11:13] 430. Nice. And how much did you put down?

Ashley: [00:11:16] Oh, I don't remember.

Ramit Sethi: [00:11:17] Right. Some X thousands of dollars. So, I'll just tell both of you, first of all, you both have more expensive cars than I do. Okay. I don't mind if you have certain things that are nicer than me. everyone has their own money dials, right? I'm not going to judge for that, but you know what I am going to judge for? You can't afford them. Alright. Sorry.

A lot of you asked me to speak to people who are not just multimillionaires on this podcast, but have more modest incomes, more relatable scenarios, and I've been doing that. I've been speaking to a lot of people, diverse. I speak to them through my email newsletter, I speak to them on Instagram and social media, and I speak to them on the podcast. And the more I talk to people who are in financial trouble, the more I truly hate the way we think about money in America.

The stuff that's talked about in the media is such bullshit, "Cut back on lattes. Reuse your Saran wrap. Why don't you disable the oven light, because over the course of an entire year, that saves you 16 cents? And if you save that until you're 80 years old,

I Will Teach You To Be Rich podcast Episode 35:
Ashley and Josh (Part 2)

maybe, just maybe you can take a vacation to Las Vegas, road trip, of course, why would we spend money on flying there? That's just a waste."

My favorite part is that the experts who tell you this stuff are on TV wearing 1,000-dollar dresses as they share this helpful advice, the advice that they, themselves, would never follow. And then, we have the way that Americans actually spend their money. Yes, there are structural reasons that things have gotten more expensive, like housing. I'm a huge fan of building more housing. I want affordability to go up. I want you, everybody listening, to be able to afford housing.

But when I talk to people in financial trouble, they are almost always overpaying, not just for their house, but for their car. They overspend, they finance them, they don't understand how compound interest works, especially for their credit card debt. Have you heard the patterns in some of the last episodes? Many of the people in financial trouble buy things because they see them and they want them.

It's as simple as that. But they never actually read a single book about personal finance to learn how money works. They are so stuck chasing that shiny thing that they saw, that they never stopped to zoom out for just a second, and say, what is my rich life? Do I want to buy this car, which is certainly a nice car, but it's going to trap me at this socioeconomic level for the rest of my life, or do I want to spend a weekend reading a book? Do I want to aggressively pay off my debt, because life is about more than just buying a car or a shirt?

There's something bigger in this world that I'm destined for. There's got to be. Otherwise, what am I going to work every single day and stressing out for? This is my wish for everybody listening, is that you don't simply settle for what has been sold to you as a rich life in America. A fucking suburban house, you have to drive an hour to get anywhere. Okay. If you want it, fine, but ask yourself, do I want that? Is that the type of life I want? Do you want a huge truck? Is Target your rich life?

No. Those are things that have been fed to you. What do you want? Do you want to go on a running tour, because you love running? You want the best running shoes, great, that's meaningful. Do you want to go to all these cool restaurants, and sit in auntie's

I Will Teach You To Be Rich podcast Episode 35:
Ashley and Josh (Part 2)

house, and learn how to cook Indonesian food or Indian food? That's meaningful. That doesn't even cost that much. The point is, I want you to deeply, deeply understand what your rich life is. And when I talk to people in financial trouble, I almost never hear good answers to that. I simply hear consumerism and buying what is shiny and in front of them.

Tell me what will happen if you keep going on, don't give me the bad stuff, I know you guys will fight more and all that stuff. Realistically, would you still be able to eat out if you guys continued on the way you're going?

Ashley: [00:15:35] Of course, but it just adds to the—all of what we're dealing with adds to the anxiety about saving and securing our financial future.

Ramit Sethi: [00:15:46] Okay. What else, though? What else would be fine if you kept going the way you're going? Would you still be able to have a car, nice leather seats, and the boat, and all that stuff? Yeah.

Josh: [00:16:00] We have a slightly above average lifestyle on the surface.

Ramit Sethi: [00:16:03] Exactly, yes.

Josh: [00:16:04] Slightly.

Ramit Sethi: [00:16:05] Totally. And you take a vacation every so often, and go for a friend's wedding, yes, you could do all of those things. Okay. What's the cost if you keep doing this style of spending, Josh?

Josh: [00:16:21] It's never going to go away and not going to achieve any financial freedom, it's going to be strapped and feel the pressure that I feel now.

Ramit Sethi: [00:16:31] Because you minimize it, because what?

Josh: [00:16:33] Out of sight, out of mind.

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

Ramit Sethi: [00:16:35] Do you both see that neither of you have truly grappled with the consequences of the decisions you've made?

Ashley: [00:16:44] Yeah.

Ramit Sethi: [00:16:45] The irony is that both of you called me, and said, "This is a 10 out of 10 and this is make or break for our relationship".

Josh: [00:16:51] Yeah, I can feel it right now. So, yeah, talking about it, just being uncomfortable about it.

Ramit Sethi: [00:16:55] Yeah, it's uncomfortable, but your reaction to the discomfort is head in the sand. That's why your boat, and RV, and truck are going to be so difficult to let go of. And we haven't even talked about the truck, but I'm just going to fast-forward, because you're going to sell that thing, too. And anyone listening, just sell your truck before you even ever call into me. I don't want to talk to anybody with a truck anymore.

Josh: [00:17:18] Oh, great. Love it. Love it.

Ramit Sethi: [00:17:20] Okay. The reason it's going to be difficult is these are not just things to you. What are they?

Josh: [00:17:28] They represent a few things, value, status, makes me feel good in the moment and forget about the debts sitting on that stuff, because when you're doing those things, you don't feel it. It's out of sight, out of mind.

Ramit Sethi: [00:17:43] Totally. And that's a great example, when you're camping or when you're out on the water, you feel great, you're not sitting there thinking about your debt. You're like, oh, I made it. I spoke to a woman, I believe she was from Costa Rica, and when she grew up, she grew up very poor. And for her, if her dad brought home Coca-Cola, it meant he had a good month at work. That's how poor they were. When she moved to the US, she was enthralled to be able to go to Walmart and buy stuff. And she would tell me, "Oh, I just buy all this stuff". I said, "What did you buy?" "It's just all this junk, tchotchkes, all this stuff." And I said, "How did it make you feel?" She said, "It

I Will Teach You To Be Rich podcast Episode 35:
Ashley and Josh (Part 2)

made me feel amazing", that she could do it.

This was episode number 14 called I Hide My Spending from My Husband, and that's where I spoke to a couple, Chuck and Mary. I highly encourage you to listen to it. Mary will help you understand why so many people buy things, and these things seem confusing to outsiders, but they are very meaningful to them. Again, I highly recommend you listen to it. It's episode number 14 of the I Will Teach You To Be Rich podcast, called I Hide My Spending from My Husband.

You are that, just on a much bigger and more expensive level. And we're going to talk about how you can still feel good, I want you to use money to feel good. I'm not trying to be Mr. Restrictive over here. We'll talk about how to do that. I use money to feel good. I want you to do the same. I want you to jointly do that. But right now, you're in red alert mode. So, the boat, it sounds like you're going to do what with that?

Josh: [00:19:22] Just looking to sell that this year.

Ramit Sethi: [00:19:26] Not looking to.

Josh: [00:19:27] Correct. It's hard to admit, and I don't want like—it might slightly—here's the deal, how I feel about that, since it's liquid, so there are certain things I'm more attached to than others.

Ramit Sethi: [00:19:37] So, you're attached to the boat. Okay. What about the RV?

Josh: [00:19:41] RV is gone.

Ramit Sethi: [00:19:42] RV is gone. Great. You have a considerable amount of money when you sell these things. You resent this debt, I know. You mentioned it to me. You know the best thing to do with something you resent, is put it in the dirt. Pay it off, so you never have to think about it again. How do you feel about that?

Josh: [00:20:05] It feels scary, but I know it would feel great after it's all done.

I Will Teach You To Be Rich podcast Episode 35:
Ashley and Josh (Part 2)

Ramit Sethi: [00:20:10] Great.

Ashley: [00:20:11] So, sitting here, listening to you guys talk about that, I was already trying to make a smarter financial decision with my car. I wouldn't be leasing a luxury car again.

Ramit Sethi: [00:20:20] What were you going to do, before we talked?

Ashley: [00:20:23] I was going to look at like a Jeep.

Ramit Sethi: [00:20:26] Jeep. Okay. A Jeep. How much is a Jeep these days?

Ashley: [00:20:30] Unfortunately, it's close to the same payments I'm paying now, because I got a good deal on my car.

Ramit Sethi: [00:20:34] So, that's very interesting, by the way. Notice what you would have done, you would have told yourself, good job, Ashley, pat myself on the back, I downgraded from a Mercedes to a Jeep, but in reality, what would have happened?

Ashley: [00:20:48] I'd probably be paying the same monthly payments.

Ramit Sethi: [00:20:50] Yeah. You see how people get in trouble, they pat themselves on the back, but they didn't actually do the one thing that matters, which is to run the numbers. I'll just speak personally, this is one of those times where if you can cut any big expenses, that's amazing, because every extra hundred, 200, 300 bucks a month you put towards debt, it goes down really fast. Like you will be shocked how fast you can pay that thing off. Okay. But you also mentioned you have some other things you could change in order to pay this debt off faster. What would those be?

Ashley: [00:21:24] It would be more lifestyle changes of no shopping or shopping less.

Ramit Sethi: [00:21:30] Tell me the specifics. Take it from the clouds to the street.

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

Ashley: [00:21:33] Oh, wow. I love to shop. Now that I've, again, been working, I've been buying a little bit more, but I've always had a problem with shopping and spending money like that, always.

Ramit Sethi: [00:21:48] Can you rephrase this? You've always had a problem, when you say that, what are you telling yourself?

Ashley: [00:21:55] That's an issue.

Ramit Sethi: [00:21:57] That you can never change.

Ashley: [00:21:59] Yeah.

Ramit Sethi: [00:22:00] How about this? What could you rephrase that to be?

Ashley: [00:22:04] This has been a problem for me in the past, but I no longer want it to be a problem moving forward.

Ramit Sethi: [00:22:09] Love that. Beautiful.

Two big takeaways so far. For Josh, he's been sitting on a gold mine, but he's been too paralyzed to take action. By getting aggressive with selling his RV, and hopefully, some other things, he can immediately pay off that debt and start looking towards the future. Remember, it's hard to think about the future when you have one foot stuck in the past. And for Ashley, she was about to make yet another mistake with her car, and the worst part is she would have thought that she made a good decision.

This is like people who buy those shitty bags of chips at the grocery store, you know the ones I'm talking about, they say low carb on the front, and the person goes, "Wow, it says no GMO. This is really healthy." It's like, dude, you bought a bag of chips. This isn't celery. If you want the chips, just get the chips, just say you want chips and own it, but don't lie to yourself into thinking that a bag of chips is healthy.

In the same way, Ashley was going to downgrade to a Jeep, but keep the exact same

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

payments as her Mercedes. You can imagine what would happen two years from now. She's going to look around and feel trapped with her finances, and then get frustrated. She'll say, "I did everything right. I cut back on my car. This finance stuff doesn't work. Ramit sucks." All of this without ever running the numbers once.

Remember, to become confident with your money, you have to become competent. Pick up a copy of I Will Teach You To Be Rich and I conservatively estimate that it will make you over \$1 million in your lifetime. Now, for Ashley and Josh, earlier, we talked about how they haven't faced any real consequences for their financial behavior, and I wanted to understand where this came from. And when Ashley started talking about how she was raised, started to make a lot more sense.

Ashley: [00:24:09] I had a credit card at a very young age that I would go to the mall with.

Ramit Sethi: [00:24:13] Oh, really?

Ashley: [00:24:14] Oh, really, yes.

Ramit Sethi: [00:24:14] How surprising. And they gave that to you, why? Why did they do that?

Ashley: [00:24:18] For emergencies.

Ramit Sethi: [00:24:19] Uh-huh. And then, that first time you brought the bill home and it was like all this money, how did they respond?

Ashley: [00:24:25] You mean, when the bill came in the mail and they opened it?

Ramit Sethi: [00:24:28] Yeah.

Ashley: [00:24:28] Took the credit card away.

Ramit Sethi: [00:24:29] And then, what happened?

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

Ashley: [00:24:31] They gave it back to me.

Ramit Sethi: [00:24:32] Uh-huh. And then, what happened when you did it again?

Ashley: [00:24:35] And they did it again.

Ramit Sethi: [00:24:40] And nothing happened, right? No consequences of any real-

Ashley: [00:24:43] Well, then they would start to highlight the charges and-

Ramit Sethi: [00:24:49] Oh, that's not a consequence. Yellow highlighter, what are we talking about?

Ashley: [00:24:53] And then, when I was old enough, they would be like, "You have to pay this back".

Ramit Sethi: [00:24:59] Uh-huh. Did you end up paying that credit card, the one that you charged to your parents, did you ever pay that off?

Ashley: [00:25:05] I'm sure I gave the money along the way, but-

Ramit Sethi: [00:25:09] Was that a yes?

Ashley: [00:25:10] No, not fully.

Ramit Sethi: [00:25:12] Yeah. No consequences.

Ashley: [00:25:14] Not really.

Ramit Sethi: [00:25:15] Yeah. So, you two have to create your own consequences. Now, the natural consequence is if you don't change anything, you'll probably break up. You've both told me that. Okay. And I hate that that is even on the table. I don't want you two to break up.

I Will Teach You To Be Rich podcast Episode 35:
Ashley and Josh (Part 2)

Ashley: [00:25:29] We don't either, at all.

Ramit Sethi: [00:25:30] Especially because of money, especially earning \$300,000 combined, that, just mathematically, it doesn't make any sense to me. However, you both have a long, deep history that needs to be dramatically explored and changed. And it's not just one on one, it's together. That's really hard. You have a hard road ahead of you. Now, going back to this credit card spending, what's your rule of thumb about eating out?

Ashley: [00:26:00] I think we've been better, but I think it should be—I mean, I would love it to be one nice dinner a month. I don't think that is realistic for what we're trying to achieve. I think maybe one nice dinner every two or three months. You're talking about for me and my credit card debt or us together?

Ramit Sethi: [00:26:20] Give me both. I like hearing it.

Ashley: [00:26:21] Okay. So, that was for us together. For me, I think I shouldn't be—if it's over \$20, I shouldn't be—actually, no. Once a month.

Ramit Sethi: [00:26:37] Once a month of what? Say the sentence.

Ashley: [00:26:40] I think I should be spending money going out to eat, let's be realistic, twice a month.

Ramit Sethi: [00:26:47] Okay. That sounds good to me. I like the way you laid it out. Hey, the first time, you might go three times a month. That's okay. The world doesn't end. What we don't want to do is, oh, my God, I went out three times a month, all the month is ruined, I'm just going to go out for the rest of the month. We don't want that. And we also don't want to cut ourselves slack so that we are not honoring our own rules of thumb. These are your rules, they're not mine, so I want you to respect them. Start off with two, that sounds good, and if you need to adjust it, you can.

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

Josh: [00:27:19] I think having a budget is beneficial in a way, because what is two times a month mean? Does two times a month mean two bowls at Chipotle or does that mean two steak dinners?

Ramit Sethi: [00:27:29] Yeah. That's a good point.

Josh: [00:27:31] So, I think budget is almost more important, and then we decide how that is, and then also maybe teach us—well, anyways-

Ramit Sethi: [00:27:40] Good. Ashley, what do you think about that?

Ashley: [00:27:42] I agree.

Ramit Sethi: [00:27:42] Oh, you agree?

Ashley: [00:27:42] I absolutely agree.

Ramit Sethi: [00:27:43] Okay. Great. Then, great. I love it. It's a little bit more complicated, because the two of you are going to have to have these conversations. Like one person is going to go, I'm really craving yakitori, and the other person goes, well, hey, if we go there, like that's our entire month's spending. So, you might have to have some uncomfortable conversations, but I love that the two of you are going, oh, we're ready, we want to do that, right?

And then, some months, you might go like, I just feel like Chipotle, let's just do that, it's good. I think that's awesome. What you don't want is to get to the restaurant and one partner has to become the nag to the other. That's a terrible dynamic. So, best thing to do would be you're going to have a weekly conversation or monthly conversation about your money, I prefer monthly, and you make your plan for when you're going to go out.

You don't decide when you're hungry, you make the reservation ahead of time, and ideally, in these early stages, you might even look at the menu ahead of time. You're trying to make these decisions at your best, instead of when you see this beautiful shrimp platter, and you go, oh, my God, we should just get it, come on, it's like not a big

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

deal. You don't want that, because now, you're basically compromising your integrity together.

Ashley: [00:28:54] Doesn't that sort of take—I mean, I already like to read menus beforehand, because I love knowing what's on the menu just for fun, but doesn't that kind of take the fun out of it if we're like, okay, let's decide exactly what we're going to get before we get to the restaurant? I understand talking about alcohol and things like that, and limiting that, because that adds up, but picking out the entire dinner before we get there takes the fun out of it.

Josh: [00:29:17] Okay. I love what you're saying. I love that you're pushing back. This is so great. It shows me that you're really engaged with this, because this is going to be your life after we end today, and I want you to push back on stuff that doesn't seem right to you. So, does it seem a bit unromantic to talk about some of these things ahead of time? Yeah. Yeah, it kind of does. Do you have to? No, you don't have to. You decide. But you've already seen what happens if you don't discuss things, right?

Lots of surprises come up. That tip on your meal, that's already 40 bucks. It's not as romantic to sit and plan this stuff ahead of time, but we are doing it because we're working towards a rich life together. You have to reframe it. Maybe another way to look at it is to say, you know what, what's romantic is being able to spend time with you, and to eat this food that we can't make on our own, and to be able to dress up and have quality time together. That's romantic. And so, that will take some work with the two of you. You two have to figure out how you want to talk about that, how you want to make those decisions.

Okay. Here's where I would like you to be, Ashley, with your debt. I would like you to, first—actually, you can do this in the next couple of days, you can look up a debt payoff calculator. You can just search for that on Google. And I'd like you to plug in your debt, the amount of debt you have, your interest rate. If you don't know it, you can find it from logging into your credit card.

And you plug it in and you will see how long it's going to take you to pay it off. It's going to be a daunting number. Don't worry. Then, you can add on an extra hundred bucks a

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

month and you can see how fast that will decrease your duration. Suddenly, you're going to realize, oh, my God, this is actually pretty doable, and a few hundred extra bucks a month makes a big difference.

When you see that, when you feel like, oh, my God, I only have X months or X years until freedom, now, when you go to Josh, and you go, listen, I know we talked about the car thing, I know you're uncomfortable with it, let me tell you why—like here's what I'm trying to do. I'm trying to pay this debt off in X months or Y years. I've done this work. I went through Ramit's book. Here's what I've committed to. I created these rules of thumb around shopping and eating out, and I'm going to do X, Y, Z, how do you think Josh is going to react to that so far, by the way?

Ashley: [00:31:55] Positively.

Ramit Sethi: [00:31:56] Going to love it. Josh, what are you going to say when you hear that?

Josh: [00:31:56] Proud of her.

Ramit Sethi: [00:32:01] Amazing.

Ashley: [00:32:03] I'm a new woman.

Ramit Sethi: [00:32:03] Yeah, it's awesome. You're taking control of your future. Just individually, that is very romantic. It's very attractive to see a partner just owning their future, but it also says something so great about the future of your relationship. But then, Ashley, you can also ask for help. You can go to him, and say, look, this is what I would like from you. For example, for our joint expenses, you make a little bit more than me, would you feel comfortable talking about contributing proportionally? That would relieve a little bit of stress on me. And then, of course, Josh is free to say whatever he wants. The two of you can have a very healthy discussion. How do you think that would go?

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

Ashley: [00:32:45] I think, hopefully, good for the most part. One thing I wanted to bring up, which ties to this, is the top of the budget is basically what he's paying now, split in half, everything we would talk about is being split 50-50. If he does start making significantly more money than me, what does that look like? I don't know. Josh, I mean, how would you feel like that conversation could go based off of what I just said?

Josh: [00:33:11] I'm going to have a positive response to seeing that you're making changes to your spending habits, and to look at this a different way, I feel like I'm going to respond positively to all of that.

Ramit Sethi: [00:33:28] Did that answer your question?

Ashley: [00:33:30] No.

Ramit Sethi: [00:33:31] I don't even know what your question was, Ashley.

Ashley: [00:33:33] My question is, if I come to you and I ask you-

Ramit Sethi: [00:33:42] Can you just ask him, instead of saying if I came to you?

Ashley: [00:33:46] Josh, if I come to you and-

Ramit Sethi: [00:33:48] Nope, nope. Ask him what you want to ask him.

Ashley: [00:33:52] Josh, what kind of response can I receive from you if-

Ramit Sethi: [00:33:59] Ashley, how many layers of this question are there going to be?

This is like one of those sandwiches you order at a deli, where they take two pieces of bread, and then inexplicably throw in 500 pieces of turkey, so you can't even get your mouth around the sandwich. Attention, deli owners, why the hell do you do this? We're not impressed. Nobody needs enough turkey to go from here to the moon in a sandwich. I just want to be able to eat this damn thing and leave.

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

I don't want to have to get a shovel and a dump truck to be able to fit the sandwich in my mouth. In the last episode, Ashley physically could not bring herself to say what she really wanted from Josh, and here, we see that pattern pop up again. Instead of asking her exact question, she's saying, "If I asked you, what kind of response would I possibly, maybe, somehow, hypothetically receive?"

One of my wishes for everybody listening to this podcast is for you to go from the clouds to the street, from theory to reality, from hypotheticals to specifics, from the stuff you've concocted in your imagination to running the numbers, and having real conversations about what you want, what you can afford, and what your rich life is. In my experience, it's actually more fun to live in a reality you control than to simply exist in the clouds and talk about what you want to do someday.

Why don't you just skip to the part where you ask him? Like actually have the conversation.

Ashley: [00:35:38] Okay. Will you help offset some of the budget if I need you to?

Ramit Sethi: [00:35:49] What? What does that mean? Listen, I've been writing about money for about 20 years and even I don't understand that question.

Ashley: [00:35:56] I don't know. I don't know what I just said.

Ramit Sethi: [00:35:58] Can you say it in plain English for someone like a dunce like me? What are you saying?

Ashley: [00:36:04] Will you help me with my budget—no, I don't even know what I'm trying to ask.

Ramit Sethi: [00:36:15] Okay.

Ashley: [00:36:16] Let's just move that back.

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

Ramit Sethi: [00:36:16] No, no, no, no, no. This is good. This is great. Take the time and articulate your question, instead of starting out by just talking. That's what leads both of you into trouble. Think about what you really want to ask him.

Ashley: [00:36:32] Will you be okay contributing more if you make more money than me?

Ramit Sethi: [00:36:41] Boom. This is the real question. I'm so proud of Ashley for getting to it. If you go and rewind for the last 60 seconds, you'll notice something really fascinating. In the earlier questions that I asked to Ashley, when she answered, she didn't pause at all. She just jumped right into asking her questions almost breathlessly without even thinking about what she was really asking. That's how she ended up with all these vague questions.

It was only when she paused, and took a deep breath, and really thought about what she wanted to know that she finally asked Josh the real question. And this is a key lesson for many of you. In my dream job program, I call it the STHU technique. That's short for Shut The Hell Up. If you aren't sure what you're really asking or if you keep getting bad answers to your questions, it might be time to take a deep breath, shut the hell up, and write down your real question. Good job, Ashley.

Josh: [00:37:48] I think that's a fair question. I would need more context for that. Under our current situation of me making more than you currently, I feel like it needs to be currently still like more of a 50-50 situation, because we're both trying to make moves proportionately on our debt, but long-term, yes, if down the road, if my career continues to evolve, and I do make significantly more, and we have conversations about it, yes, I would be comfortable with that.

Ramit Sethi: [00:38:23] Ashley, how do you feel about that answer?

Ashley: [00:38:26] A lot better than the past conversations we've had about it.

Ramit Sethi: [00:38:29] Why is that?

I Will Teach You To Be Rich podcast Episode 35:
Ashley and Josh (Part 2)

Ashley: [00:38:31] When I've brought it up, Josh, he hasn't been as receptive to it.

Ramit Sethi: [00:38:38] Okay. My question listening to Josh's answer is, when? When do we go from 50-50 to proportional? You said in the future, when, though?

Josh: [00:38:49] That was the hesitancy you heard in my answer, was I don't know what that time frame looks like, or who makes more, like is there a threshold where I make this X dollar, is that the moment that it kicks in that you pay-

Ramit Sethi: [00:39:02] Well, do you want me to just tell you?

Josh: [00:39:03] Yeah.

Ramit Sethi: [00:39:04] Okay. Usually, couples pay proportionally.

Josh: [00:39:08] Okay.

Ramit Sethi: [00:39:08] That's good. So, I'll give you an example. First of all, it's pretty interesting, you guys basically make the same amount of money. One of you makes 160 and one of you makes 140. It's basically the same. Okay. Now, you could factor in a whole bunch of these variables. Josh is paying more debt, but Josh also paid for the last year for Ashley, blah, blah, blah, blah, blah.

But how do you factor all that shit in? It's just too confusing. You know what one of my rules of thumb is when it comes to my money? Simplicity. My financial world has gotten very complicated. All accounts, and businesses, and blah, blah, blah, I insist on simplicity. Very small number of credit cards, very small number of accounts, investments, et cetera. I would encourage you to do the same thing.

So, if I were you, this is just my own personal observation, not advice, I would do it proportionately. I would basically acknowledge that Josh was very generous for last year and paid for a lot of stuff. And Josh, if I were you, I'd probably say, you know what, I would like for you to become more financially generous with me. Josh, you didn't say that, but I have a feeling, that's one of the things you want. And I think if you were to

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

articulate that to Ashley, assuming that I'm right about this assumption, Ashley would be like, oh, wow, that connects with me, I understand that, and now, I know what he's looking for.

Next, I would put aside the other thing, which is Josh is paying more in debt. Well, that's Josh's issue. Josh incurred that debt, that's his responsibility. The two of you make basically the same amount of money, I would just do it proportionately. It's almost 50-50 anyway. And then, as one of your incomes increases or whatever happens, it's all percentage-based. It's proportional. You do not need to do all these weird calculations. What do you think about that?

Ashley: [00:41:12] Totally agree.

Josh: [00:41:15] I think it's logical, and I agree mostly. I need to let it sink in a little bit more, but I definitely agree with the math. Makes sense.

Ramit Sethi: [00:41:22] Any hesitation?

Josh: [00:41:24] Hmm. Not necessarily. Not the answer I was expecting 100%, so I just need to-

Ramit Sethi: [00:41:30] Here's a trap you might run into. This happened when my wife and I got together, and we paid proportionately, but my standard of living was a lot higher than she was used to paying for, even when we were paying proportionally. So, just to give you an example, let's say that when we got married, she moved into the apartment that I had been in. Well, even though I was paying proportionately, the amount she had to contribute to rent was like way higher than she used to contribute.

So, that was a trap. We had to figure out how to deal with that. Another example is when we would travel, I want to stay at nicer hotels. She's like less interested in these fancy hotels that I love. So, we made a rule of thumb, which is basically, this is the type of hotel we'll stay at, and then if I want an upgrade, or some nicer room, or suite, or whatever, I'll pay the difference. I noticed the two of you are smiling.

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

Josh: [00:42:29] Because that's-

Ashley: [00:42:30] I hate that answer.

Josh: [00:42:32] That is exactly how—you hit the nail on the head there. That's a lot of the underlying issue, is that we want to do things, like you mentioned, in proportion, but whose lifestyle are we splitting 50-50? So, the vacation thing was a perfect example. I said the same thing. It's like, hey, if our vacation start, where your budget's, at least early in the relationship, early, if your budget is 200 bucks a room a night and my budget is 200 bucks, whoever's lowest common denominator, like that's our budget for the room. Now, if the room together, we can pay 300. Now, boom, I surprise you, and I take up the rest of the room, and take it all the way to 500, that's my choice, but our baseline is what we can do together, and it's up to the other partner to elevate it.

Ramit Sethi: [00:43:26] And Ashley, I'm going to guess that you did not find that particularly romantic.

Ashley: [00:43:32] No, because in this—yes, in this sense, because you're the man doing it for your wife, but this is role reversal for us, because I'm the one that really likes nicer hotels, and rooms, and things like that, but I don't want to be the one to pay the difference. Like I don't even want to split vacations 50-50.

Ramit Sethi: [00:43:55] Ashley, let me ask you a question. What if you did?

Ashley: [00:43:59] To which part?

Ramit Sethi: [00:44:00] What if you did split vacations? What if you did even pay more, sometimes, for certain things?

Ashley: [00:44:08] We have splits on vacations, not all because of last year's not working. Here's my thing. I think it's not enough people talk—not that people have to talk about their their finances, I don't think enough people talk about what they do, so what I am assuming is normal might not be normal.

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

Ramit Sethi: [00:44:35] Why do you think I started my podcast?

Ashley: [00:44:37] I assumed that with your success, you pay for all the vacations and stuff for you and your wife.

Ramit Sethi: [00:44:45] No, let me tell you how it worked, and let me tell you how it works now, because it's changed, and I'll expect that it will change for you, too. So, you assume that because I made more money, that I paid for everything. Okay. Right?

Ashley: [00:44:58] Yes.

Ramit Sethi: [00:44:59] And that means vacations, dinners, all that stuff. Now, I'm very happy to be generous and splurge on my wife and my family, I love to do it, but can you imagine what message that communicates to a partner when you pay for everything? What message does that communicate if I were to do that with my wife? Yeah, I think it would communicate that I'm generous, but what else would it communicate?

Ashley: [00:45:31] It would communicate that you're the man of the house and—yes.

Ramit Sethi: [00:45:37] I understand, in your view of masculinity, he should pay for everything. I get that. I'm not arguing with your view, it's your view. I get it. I would say that it would not define us as partners. Partners don't have to be contributing the same amount, but they do have to put some skin in the game. It would make things a lot less fun for us, because part of the joy of talking about these vacations is that we get to sit there, and look at these different hotels, and what kind of food tour are we going to go on, and both of us are engaged, we have skin in the game.

It would also send a message that I am always going to be here to take care of you, and while that is a great message and it's very lovely, I'm going to be dead one day. And how would it be if I leave my wife with no financial skills, whatsoever, not knowing how to spend money, who's ripping her off, which investment adviser, all this stuff, and she's left helpless, and I'm gone? What kind of message would that send?

I don't want to simply take care of someone by doing everything for them. I'm happy to

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

spend and splurge, yes, but I want a partner. Do you see the difference in perspective? And now that she's started to earn considerably more with the success of her business, here's what's amazing, our finances have changed, because of her business growing, and this is what I hope for you two as well, we are not arguing over \$20 here and there.

That's beneath what we call our worry-free number. What we do is at the end of every year, we plan out our next year. What trips are we going to take? Who are we going to take with us? What kind of gifts are we going to send? We put the money aside. And we already have a few rules of thumb. We're going to do it proportionately, this and that bonus, et cetera, and we don't think about the minutia on a day-to-day basis. That took us a long time to get to. It's quite a sophisticated system. But what does it feel like to her and me?

That's what I want to tell you about. To me, it feels like, because we are combining our incomes, we can row in the same direction and get to our destinations faster than we ever thought. That's amazing. Second, I'm here watching my wife develop her financial skills and go from the early days, where it was scarcity-based, now, she's totally abundant, and she goes, "Hey, if we want to do this amazing trip, we could do it. Here's what we need to do." She's become highly sophisticated in that way. That's partnership. We're each making each other better. What do you think about that?

Ashley: [00:48:34] I think that sounds good. I feel like maybe some of my views are a little bit antiquated, and I was just assuming, like I assumed your situation, because I do want a partnership, I don't want a man to hold finances over my head and use it as any sort of device, or tool, or whatever. I want a partnership with him. I just like, because I feel like nobody talks about this kind of stuff, I always am under the assumption that, well, everyone's husband, boyfriend, whatever, is paying for their girlfriend, wife, because nobody talks about it.

Ramit Sethi: [00:49:14] I'm so glad that you're saying this, because you're right, nobody does talk about it. That's one of the reasons, on the podcast, I call it real conversations with real couples from behind closed doors. Nobody talks about this. You go out to dinner with your friends, and somebody, I'm guessing in your friend's case, the husband or the man puts the credit card down, but you have no idea, is it his card? Is it their joint

I Will Teach You To Be Rich podcast Episode 35:

Ashley and Josh (Part 2)

card? How do they reconcile this at the end of the month?

Nobody talks about it. And so, I do think your views, antiquated is an interesting word. It's a somewhat judgmental word. I'm trying very hard to tell you, I'm not judging your views, but I am trying to show you some different perspectives. In the days where it was very common for husbands to work and wives to not, in many ways, it was simpler, but there were some serious costs. You would have not had financial control. In those days, if your husband left you, you were really in trouble.

You also would not have had a say in as much as you can today, especially earning \$140,000 in your 30s. You're a powerful woman. You can choose if you decide, you know what, I've contributed to our joint account, maybe we're married now, and I've decided that as part of my monthly personal spending, I'm going to do this really nice thing that I love, and it's guilt-free. You don't have to answer to anybody on that. That could not have happened in the past. So, I hope that me sharing how my wife and I think about money is eye-opening to you, because it's not as you thought.

Ashley: [00:50:57] Absolutely. Thank you for sharing that, because I want that partnership with Josh, and I want to contribute, I want to be a financially independent, and all of that. You're right. Nobody knows what goes on behind closed doors. Nobody knows about the conversations they have. What you just see is the facade that people put up. And while those conversations might not be sexy, or romantic, or whatever, they are necessary, and hopefully, we can come to a place where we establish enough of these rules of thumb in the beginning that it just becomes second nature to us, that these conversations no longer need to happen, and the sexiness and the romance of that stuff is at the forefront again.

Ramit Sethi: [00:51:43] You will get there. From what you just told me, it gives me confidence in your ability. When I had fights about money, it was very hard to imagine that there would be a light at the end of the tunnel, where we would be actually happy talking about money. If someone had told me that, I wouldn't have believed him at the time. Because we had our equivalent of you two fighting about dinner, we figured out our systems, our rules of thumb, we focused on simplicity.

I Will Teach You To Be Rich podcast Episode 35:
Ashley and Josh (Part 2)

We have a monthly standing meeting where we talk about the nuts and bolts. We have goals like a rich life vision. We know this is where we're traveling. We even know the hotel room we are staying in. And we talk about it every month. It's exciting to us, right? We're working towards something together. We're building it together. That elevates us beyond talking about, are we getting the chicken or the fish?

That's such a tragedy to live a life smaller than you have to. And so, my wish for you is that you elevate yourself to the rich life vision. As you pay this debt off, you're going to start to discover, oh, my gosh, we need to think about this, how much are we going to save? And by the time you both get to zero, which could happen quite quickly, you're going to have some amazing new financial habits built.

I received a follow-up letter from Ashley and Josh. Here's what Ashley wrote. "Ramit, there were so many key takeaways that I'm going to bullet-point out below. Josh and I talk a lot at each other, but not necessarily to each other and not in a concise manner. I never thought about the fact that I'm not facing any real consequences from my debt. My expectations are based off of thoughts and not reality. I was constantly assuming that a couple, married or not, and especially a couple with money, had the man always paying for vacations, dinners, et cetera. That was a real wake-up call that life isn't a fairy tale and my assumptions are clearly wrong."

Now, I've put the full letters from both Ashley and Josh on my website, and to read them, you go to iwt.com/followups. Just enter your email address there and you'll get instant access to the full letter from Ashley and Josh.

Thanks for listening to I Will Teach You To Be Rich. I'm Ramit Sethi. Please follow the show on Apple, Spotify, or wherever you listen to podcasts. If you haven't read I Will Teach You To Be Rich, my book, pick up a copy. You can get it at any bookstore or any 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.