I Will Teach You To Be Rich podcast Episode 38:
Rebecca and John

Rebecca: [00:00:03] The careers themselves are stressful, like the nature of the work we do. We're both litigators. It's inherently adversarial. He's managing the firm, as well as managing a caseload, and he comes home, and he's stressed, and I feel like, where's the financial reward in exchange for this level of stress that he's under? And that pattern just repeats itself every day.

John: [00:00:28] I would really like to be able to sleep better at night.

Ramit Sethi: [00:00:33] And you don't sleep well at night now, because of what?

John: [00:00:37] Financial stress.

Rebecca: [00:00:39] I feel really, really resentful of the situation. He chose to marry me, even though it meant a complete financial destruction for him, really.

John: [00:00:48] I am resentful, and one part of it is that I can be relieved of my obligations if my ex-wife remarries or enters into some sort of cohabitation relationship. The likelihood of that happening is very low because of the money that I pay her every month.

Ramit Sethi: [00:01:11] In other words, she doesn't want to do it, because the cash would stop?

John: [00:01:15] That's right.

Ramit Sethi: [00:01:16] Wow.

Meet John and Rebecca, both attorneys. John is 61 and Rebecca is 44. This is their second marriage. To recap what you just heard, John is paying about $70,000 a year in support between his ex-wife support payments and the life insurance that he's legally obligated to maintain for her. He's also paying an additional $600 a month so that Rebecca is covered by life insurance. Though they both earn good salaries, around $200,000 a year, he has a highly variable income that makes it hard to save, especially when he owes about $70,000 a year to his ex.

Speaking of that, can you imagine having to pay $70,000 a year to an ex forever? Imagine how it would make you feel about money. Think about commuting to work every day. Think about every paycheck you made. Think about how you would even feel if you got a raise. John and Rebecca have been living with this for years. So, what prompted them to reach out to me now? Let's listen.

John: [00:02:36] I am divorced. Rebecca is my second wife. I pay my first wife $54,000 a year in maintenance, and that is a permanent obligation, meaning I stop paying it when I'm no longer earning an income. If I retire, then I no longer have to pay it. But in addition to that, I have to secure it in the event that I die. That's about $1,300 a month in life insurance.

I have no child support obligation, because my children are all grown. Because of the length of my marriage, however, the court recognized that for my ex-wife to have been out of the workforce for as long as she had, we had children that we were raising, the law presumes that if you're married a certain length of time, your obligation can be 10 years, 15 years, or forever, and I fell into the forever bucket.

Ramit Sethi: [00:03:37] I have a lot of questions about this, because I've never heard of this. And I know you're both lawyers, so I'm sure this is all buttoned up, I'm sure that you have ruminated and commiserated over this for a long time, so we don't need to do that. But just so I understand the emotional tenor here, are you at peace with this? Are you resentful? How do you feel about this?

John: [00:03:56] That's a great question. I am resentful. And one part of it is that I can be relieved of my obligations, really, in a few scenarios. The first one is if I retire and I cease earning any money. And the second is if my ex-wife remarries or enters into some sort of cohabitation relationship, and the likelihood of that happening is very low because of the money that I pay her every month.

Ramit Sethi: [00:04:30] In other words, she doesn't want to do it, because the cash would stop?

John: [00:04:34] That's right.

Rebecca: [00:04:35] We had spent some money on new windows for the condo and some new living room furniture, which seemed to me to be nothing crazy and outrageous, but I think I was in a particularly weakened fear for a moment, thinking about retirement, and feeling like the year end at the law firm this past year didn't go so well, and I was feeling a little panicked, and looking for some additional resources to help us.

John and I work for the same law firm. I'm one type of partner. He's an equity partner. It isn't until December 30th that he really knows what he's making for the year. And we got those numbers and he made about $85,000 less than last year. And that was kind of devastating, because we had been spending as if he was going to earn at least what he was earning the year before, and that put us in a bit of a bind.

John: [00:05:37] I saw it and I thought that there was some mistake. I thought that there was something that I didn't understand. About 100,000 is what I expected, and the actual number turned out to be 32.

Ramit Sethi: [00:05:52] That's in addition to your salary?

John: [00:05:54] Yes. I was quite honestly shocked, because we had had a good year as a law firm, at least on the revenue side.

Rebecca: [00:06:02] So, in my mind, I had it all planned out, how it was going to go. And then, we keep everything separate, but we split major household expenses, vacations, and entertainment. And so, I had sort of advanced my half of that, and he was going to reimburse me for his half on those things once he got the year-end distribution, only there was no year-end distribution to speak of, and it was small enough that he didn't even get to make a retirement contribution for the year.

Ramit Sethi: [00:06:33] What did you do about the cash flow issues, the fact that Rebecca had already put in her part towards your joint expenses, but you couldn't come up with the money?

John: [00:06:42] As has happened in the past when there have been cash flow issues, Rebecca has sort of advanced it, and then I have caught up and paid her back.

Ramit Sethi: [00:06:53] You hear something in their discussion that you don't hear with a lot of other couples, this matter of fact, almost transactional financial relationship. He says, "She loans me the money and I pay it back". This is actually typical of second marriages, where people come into the marriage with past obligations. They're actually often much more open about how they want to set things up.

Often, they'll keep money separate. I don't mind it. I don't mind how you set your money up at all, as long as you discuss it and consciously choose a path together. Now, what's more important is that he has a highly variable income, but together, they don't seem to have really discussed how to plan for that. I'm thinking that might be the problem, but I'm curious what they think the problem is.

What is the problem you're trying to solve today?

Rebecca: [00:07:53] I mean, generally, I think the problem is that his ex-wife is a greedy, you know what, but I think he's also underpaid, but those two problems aren't going to be solved today. The problems are, how do we move forward and eliminate the resentment that this causes, because I have my own resentments about it? We're the ones working hard, where she's just sitting home collecting a check.

We're the ones who are taking all the risk. We're the ones who are making the sacrifices. I want it to be less of a source of stress in our marriage. I'm thinking that maybe having some ground rules will make it less of a stressful topic. It's not manageable to do this forever. Like there needs to be a retirement, at least from the practice of law, and we need a plan for that.

Ramit Sethi: [00:08:42] When does it get stressful, besides December 30th?

Rebecca: [00:08:48] Well, the careers themselves are stressful, like the nature of the work we do. We're both litigators. It's inherently adversarial. He's managing the firm, as well as managing a caseload, and he comes home, and he's stressed, and I feel like, where's the financial reward in exchange for this level of stress that he's under? And that pattern just repeats itself every day.

Ramit Sethi: [00:09:16] Okay. And what do you get out of curiosity?

John: [00:09:19] Well, some years, I do well financially.

Ramit Sethi: [00:09:25] Means what?

John: [00:09:27] With $300,000 or so total comp. I usually enjoy what it is I'm doing. I like being one of the people steering the ship, rather than one of the passengers of the ship. Would I like a less stressful existence? For sure.

Ramit Sethi: [00:09:46] That's surprising, don't you think?

John: [00:09:50] Yeah. Huh? Really?

Ramit Sethi: [00:09:52] I mean, you say you would like a less stressful existence, but you are de facto in not only one of the most stressful roles, but in one of the most stressful industries in that role. Would you ever consider taking a step backwards or taking a lateral step that may not involve the same sort of stress?

John: [00:10:16] Nothing is off the table.

Ramit Sethi: [00:10:18] Wow. That's good to hear. Alright. And Rebecca, what do you get?

Rebecca: [00:10:25] I would say stability and security. I mean, even the low years are enough to pay the bills, but is it the lifestyle that I want? Sometimes, and I help fund that, right? I believe in the importance of saving and all of that, but I also believe in having a rich life and enjoying life now. And for the most part, I get to do that, and I think that's largely a function of the careers we've invested in and the income that we generally get, even when it's a low year. It just doesn't seem to be fruitful in terms of retirement in the future, but on the day-to-day, if I'm not thinking about the future, I'm thinking, okay, this is pretty good.

Ramit Sethi: [00:11:17] This is a question that a lot of you need to ask yourself. The question is this, what do I get? If I'm working this hard, and saving money, and investing, what do I get? I think almost nobody asks themselves this question, because the answer is too scary, and sometimes, depressing. For example, if your honest answer is that after working hard, and trying, and staying late, and cutting back on lattes, what you get is to go shopping at Target for some worthless knickknacks, well, that's a pretty haunting answer. It's easier to ignore it.

You know who really needs to ask this question most of all? Entrepreneurs. I know a ton of entrepreneurs. They work extremely hard and a lot of them live for some future day, where they'll finally be able to live their rich life. And if we talk about this stuff, I'll ask them, hey, you work really hard, you take on a lot of stress, and responsibility, management, what do you get? Is it the ability to pick up your daughter from school every day at 2:00 PM, or do you get to buy a second house? What do you get for all the work, and time, and effort that you put into what you do?

Here's my answer. I get to work from home. I get to work with people I like, including my team and my students. I get to have fun at work. I get to travel for 6 to 8 weeks a year, staying at my favorite hotels, and sharing these magical experiences with my friends and family. And I get to eat whatever I want without looking at the price. The question to ask for all the work you do, what do you get? Now, back to John and Rebecca.

Let me make sure I understand that. So, it seems like you got a pretty nice condo, did some renovations. I don't know the car situation, but probably doing fine, and you can wear a nice sweater, whatever it may be. Is it the retirement that's making you feel nervous?

Rebecca: [00:13:32] For the most part. I just feel like there's no plan, there are no concrete steps that we're taking. We're just kind of hoping for the best and surviving day-to-day.

Ramit Sethi: [00:13:41] Yeah. And you mentioned now plan, safety, security. Would you say those are common things that you look for that are important to you?

Rebecca: [00:13:53] Not the only things that are important, but yes, those are very important.

Ramit Sethi: [00:13:56] Okay. John, do you care about safety and security in the same way Rebecca does?

John: [00:14:02] Probably not. I've had a plan, too. My plan had been to work until I drop and continue to make life insurance premium payments to take care of my wife when I'm no longer able to take care of her. It's not a happy plan, but it's been a plan, because I've historically enjoyed what I'm doing.

Ramit Sethi: [00:14:32] Is that a half joke, or are you being totally serious?

John: [00:14:36] Up until COVID, when my day-to-day changed dramatically, I never was able to even picture myself being retired. Now, I have friends that are beginning to retire and the the stress has ramped way up. That had been my thought process, I was going to keep working, and working, and working.

Ramit Sethi: [00:15:02] And the other people in your profession, what do they do? I mean, are they rolling into the office at 85 years old and doing the same thing?

John: [00:15:11] Well, it's interesting. Our firm's been around for over 40 years and the two founders are still active, although they also have homes in warm weather destinations, where they spend about 80% of the time. They don't grind. They generate, they don't grind. So, the culture of the firm, I guess, is that people work until they choose they no longer can, or health-wise, they no longer can.

Rebecca: [00:15:45] And I would say that that's true for the legal industry, generally. Many, many lawyers work until their 80s, usually men, but my mentor at my old law firm worked until the day he died at 85.

Ramit Sethi: [00:15:57] Is that celebrated?

Rebecca: [00:16:00] Depends. I started practicing 20 years ago, and back then, it was looked at as sort of this, once you work for a couple of decades, then you can coast, and be revered and respected, and you could be in this position in the firm, even financially, where you just continue to reap the benefits, but work so much less. Now, in a lot of firms, the newer guard is coming up, and they're saying, hey, wait a minute, you've got to earn your keep, on like other industries that have—they'll come up with a nice little retirement package for you and force you to quit at 65. That doesn't happen in the legal world. If you're not saving yourself for retirement, it doesn't happen. So, that's why I think a lot of lawyers stay on. I mean, there could be financial reasons. Also, it's one of those professions you don't need to be physically of a certain vigor. If your mind is sharp, you can still practice law.

Ramit Sethi: [00:16:56] Man, the legal industry is so weird. I'm like, this industry makes no sense, whatsoever, to anyone on the outside, but all the people on the inside are like, "Oh, yeah, yeah, that's totally how it works". I'm like, "Why?" And they have no good answer, but they're just like, "That's how it works".

John: [00:17:12] Right.

Rebecca: [00:17:12] Go back and do it over, I quit, I quit.

Ramit Sethi: [00:17:15] Okay. Well, we can't change the legal industry today, we can maybe change a little bit of your situation. So, I asked you what you both get. I'm not sure I know the answer, except that you have a pretty nice life day-to-day. It sounds like the retirement part is somewhat unclear. In fact, the path for many lawyers is just to work until they die. What else, day-to-day, are you getting, where you're using your money? How are you spending your money right now?

John: [00:17:48] I don't spend a lot of money, because I don't have a lot of money to spend available. I would like to further invest myself into some hobbies that I have. I would like to take more vacations, although I don't have that burning need, perhaps because I don't see it as being completely possible right now, but I would really like to be able to sleep better at night.

Ramit Sethi: [00:18:12] And you don't sleep well at night now, because of what?

John: [00:18:16] It's cyclical, but it has to do with financial stress, sure.

Ramit Sethi: [00:18:21] Yeah. I can understand that. You have feast or famine, you have this obligation hanging over your head at all times and the uncertainty of knowing what's going to be given to you, at the end of the year, you've got to wait the 12 months, makes it very difficult to think beyond a year. And so, I'm guessing, Rebecca, when you come around talking about, what's the plan, what's the plan, and it's very difficult to actually come up with anything beyond, well, we've got to see what the bonus ends up being this year. Does that sound familiar?

Rebecca: [00:18:59] Yes. I just feel like there's so much uncertainty.

Ramit Sethi: [00:19:03] Well, let's just talk about the day-to-day. The need for a plan is very common. Everybody wants to know some sense of certainty. Even if you can put a box around some of the uncertainty, and create like a good, better, best scenario, I think that would probably help everybody sleep a little better at night. But right now, it's just like, oh, shit, how much is going to come down from heaven on December 30th? And by the way, we already paid for the new door, so, now, we're just playing catch up for the entire next year. That's not a good way to live.

Rebecca's income last year was roughly $190,000. As a reminder, she's 44 years old. Rebecca has $18,000 saved and $549,000 in retirement accounts. She also has a 600,000-dollar mortgage with $180,000 in equity. John's income was $225,000 last year. He's 61. And he has less saved, $120,000 in retirement and considerable debt. That includes a $65,000 personal loan from a friend, which I want you to pay attention to, because that's going to come up later.

How do you feel about those numbers?

Rebecca: [00:20:23] Well, if you look at the typical rule of thumb, I've always read, about 28% of your gross income, don't spend more than that on housing. Even considering his support obligations, we felt we fall well within that, so I don't feel like we're overspending on our house. I feel that the savings could be more, I think, but I don't know how he saves more. I feel like I'm already maxing out my 401(k). I'm saving an additional 10% a month into a vacation/house fund that gets spent down, but I feel like I'm doing okay on saving.

I've got my money invested, someone, who I trust, managing that. I'm happy with the performance of my accounts. I hate to think of the worst-case scenario, but that's kind of what the life insurance is for. We're not able to save the way we want to save. And so, if I get a life insurance benefit, that will make up for that. But on the day-to-day, I mean, I've done my calculations. After taxes and the housing expense, I basically have $4,000 left every month to put toward discretionary expenses. The food, entertainment, travel, et cetera, I feel like it's enough. Somehow, we're still stressed out about money and don't feel like there's ever enough for the important things like John's retirement.

Ramit Sethi: [00:21:54] It's kind of funny, you two talk about life insurance a lot. We need to have a discussion about that. This is not a common topic, by the way, especially for high earners like the two of you. Rebecca, you mentioned, it doesn't feel like you have a lot. Now, John, how do you feel about your numbers?

John: [00:22:14] Horrible. Horrible. Once in a while, I go on the website of the company that manages the 401(k) and one of these things they tell you is how you're doing in terms of your retirement savings, and I always have the stormy clouds and the thunderbolts. I've worked in this profession for 34 years, and due to choices that I've made, if this is the end of the day right now, I don't have a whole lot, asset-wise, to show for it.

Ramit Sethi: [00:22:51] I want to understand, putting your ex-wife's payments aside, you've made pretty good money over the course of your career, where has it gone?

John: [00:23:04] Well, I lost a lot of it in trying to maintain a household that I was not living in at the time when we were going through the divorce and I had to take care of myself as well. That put me in a huge hole. A lot of it went to saving for my children's college education, contributing to things like life insurance. I'm not a big spender. I don't remember if I was 20 years ago. I don't think that I was. We had a nice home. It shouldn't be a difficult question, but I'm having difficulty with it, because I know what I don't do every month, and I don't spend much money. What does the $54,000 a year I pay get us? Well, I guess we have a nice tax deduction for that money, because it's all deductible, but other than that, it gets us resentment.

Ramit Sethi: [00:24:06] Yeah. And when you think about earning more money, and you think, okay, for every $100,000 I earn, basically, over half of it is going right out the door to this resentful situation that I have no control over.

John: [00:24:24] Right.

Ramit Sethi: [00:24:27] Do you think that that affects your behavior with money?

John: [00:24:32] Of course. I mean, I have to make sure that I'm able to do two things at the beginning of every month, pay Rebecca what I owe her for my half of the expenses every month, and make sure that I have the cash to make my maintenance payment and my life insurance payment. After that, I guess it's all me, but you could do the math yourself, right?

Rebecca: [00:25:01] Well, if I can just interject, when John talks about paying me, it's a bit different, because it's the house he enjoys, the lifestyle he enjoys, the things we do together. He is spending on himself, it's just coming in a form of a check to me, because I'm the one who manages the credit card bills, and the mortgage is in my name, the title of the condo is in my name. We jointly decide to take certain trips or go out to dinner at this restaurant, or do this, or do that.

John: [00:25:35] I didn't intend to make it sound like these are all obligations, what I meant to say was I have to make sure that I have enough at the beginning of every month to do everything.

Ramit Sethi: [00:25:48] I get it. I wonder, if you had to describe the balance of how much time the two of you spend looking backward at all the ex-wife payments, and how much time the two of you spend saying, well, we get to live in this cool condo, and we get to go out to this great dinner and maybe take this trip, how would you describe the breakdown of how much time you spend on each of those categories?

John: [00:26:17] I spend far greater amount of time appreciating what we have and what we do than feeling resentful for what I have to do. Far greater time. And I truly appreciate this nice life that we've made.

Ramit Sethi: [00:26:34] Awesome. That's great. I'm pleasantly surprised to hear that. Rebecca, would you agree?

Rebecca: [00:26:40] It feels like the feelings of resentment are so much stronger and they're obviously of a much greater percentage than I want to spend in my life. I want to think about them 0%.

Ramit Sethi: [00:26:52] Why do you think that your feelings of resentment are greater than John's?

Rebecca: [00:27:03] Well, number 1, I think it's a function of age. He is older, so he, I think, has a better appreciation of just enjoying life and being grateful. I think having those 17 years on me is one factor. I think I am of a personality where I tend to focus more. I tend to run more anxious, so I focus more on just what's not there or what's going wrong, versus what's going right. I've always been like that. And I feel really, really resentful of the situation. And like when John described what happened in the COVID year, I came last. And so, he's prioritized me in the day-to-day life, and our marriage, obviously, and he chose to marry me even though it meant a complete financial destruction for him, really.

Ramit Sethi: [00:28:10] When you made a lot of money, what did you do with the money?

John: [00:28:17] Last year, the first 25,000 of it went to my retirement contribution. The next 10 or $11,000 went to pay my two partners for their shares. The next 9,000 or so went to repay Rebecca for the money that I owed her. And then, I paid down a lot of bills that I had and made sure that I sucked a little of it away to make sure that I wasn't going to run into any issues with the life insurance premiums that I had to pay. And as I sit here, I can't tell you exactly what else I did with it.

Ramit Sethi: [00:28:58] This is a big clue. I find that people stop paying attention to the nuts and bolts of their spending around $150,000. At that level of income, you're earning enough that you don't necessarily need to track every tiny expense, but if you live in a high cost of living city or you have financial obligations, $150,000 isn't enough to spend on everything you want. That's a tricky number. By the way, in chapter four and five of my book, I Will Teach You To Be Rich, I show you how to set up a system, so you don't have to track every little expense. You set up your system and you spend less than an hour a month on it. I don't think John and Rebecca used my system, though.

What's the difference between a year where you make 235, versus a year where you make 305?

John: [00:29:52] Retirement contribution for one. That's the big one, really. It's hard to say what I cut back on, because again, Rebecca may disagree with me, but I don't believe that I spend very much money. Certainly, taxes are greater the year that I make more money.

Ramit Sethi: [00:30:09] Rebecca?

Rebecca: [00:30:11] You had the exact question that I had for the last 10 years, which was, where does the money go? And I asked him that and it comes across as accusatory or that he's lying. I mean, there has been some dishonesty in our past about some debt that he's had, but we've worked through that. We're in a much better place about it. And I truly don't believe he's spending money somewhere. But we'll have to both cut back. We'll have to take a different kind of trip, or take fewer trips, or go out to eat less, or-

Ramit Sethi: [00:30:41] Hold on. What does that mean, a different kind of trip?

Rebecca: [00:30:44] So, my thing is travel, and luxury travel, and I like to stay-

Ramit Sethi: [00:30:49] Oh, speaking my language. Hold on. We've got to get into this. What are your hotels?

Rebecca: [00:30:55] Oh, Four Seasons. Give me a destination, I'll tell you where I will stay.

Ramit Sethi: [00:31:01] Okay. Good answer. Okay.

Rebecca: [00:31:03] So, this year, the hotel that used to be $700 a night is now $2,100 a night. And it's ridiculous, and I was willing to sort of do that during one year, but it doesn't seem like that trend is changing. So, now, I'm thinking we need to make an adjustment to, we're not going to stay somewhere that's $2,100 a night for more than one or two nights. But last year, when it was a good year, we did spend more on trips, and we stayed at the Post Ranch Inn in Big Sur, which is a bucket list hotel for me. I'd wanted to go there for 20 years. The one night we stayed there, it was for his birthday, it was $2,100 a night. To me, it was worth every penny, and I've already planned out the trips.

Ramit Sethi: [00:31:50] Oh, very good. So, you have the number, you know how much you're going to spend and how many times you're going to travel this year?

Rebecca: [00:31:57] The trips are planned, yes.

Ramit Sethi: [00:31:58] Wow. Okay. I'm pleasantly surprised. That's really sophisticated. Very good. Still brings us back to the question of, where does the money go in good times? Probably more to travel, yes, what else?

Rebecca: [00:32:12] I would say we would eat out more.

Ramit Sethi: [00:32:14] I mean, I'm sure you guys are eating at a nice restaurant, whatever, a couple of times a week. Is that a good ballpark assumption or is it more?

Rebecca: [00:32:22] No, that's the max we'd eat out. I've been cooking a lot more since COVID.

Ramit Sethi: [00:32:27] Okay. 70K, where does it go? It's really 30K with taxes, maybe 40K, let's say, what else?

Rebecca: [00:32:36] That's a great question. I mean, I really don't know.

John: [00:32:39] I've had some significant medical expenses the last few years, so that's another about five or six grand a year. And I had paid down a significant amount of debt. I had cleaned the slate. Really, I had. And that was something that I was very happy and very proud to do. It's hard for me to even explain how badly I stepped in a pile while all this was going on. Now, 10 years ago, I had issues with the government, I had issues with credit card companies, I had issues with keeping up my court-ordered obligations, although Rebecca is right, I've never actually missed any of those, but, yeah, it goes. It goes.

Ramit Sethi: [00:33:33] You've contributed to your 401(k) more when you have more money? That's awesome. Do you feel good when you do that or not?

John: [00:33:41] I felt fantastic last year when I was able to do that.

Ramit Sethi: [00:33:45] Really?

John: [00:33:46] Yeah.

Ramit Sethi: [00:33:46] And how did you express that? Like did the two of you talk about it, or how did that come to be?

John: [00:33:51] We did talk about it, and I felt a great sense of relief, and I had this mindset that this was something I was going to be able to do every single year. That didn't happen.

Rebecca: [00:34:04] I similarly felt a huge sense of relief last year, thinking of how this was going to be the new pattern going forward, and I thought, okay, maybe things aren't so bleak. There is the debt. There has historically been a lot of money stress. I thought, okay, finally, this is the light at the end of the tunnel, so this past year is a huge setback.

Ramit Sethi: [00:34:24] Well, okay, I will say I'm pleasantly surprised to hear that both of you celebrated it. This is surprising to me, because a lot of people don't celebrate when something good happens. When you're down in a dark hole, one good thing happens, you go, yeah, but I'm still down in this dark hole. And I'm actually pleasantly surprised to hear that both of you recognized it was an amazing opportunity and an amazing thing that, John, you were able to contribute more in your 401(k). That's awesome. However, this idea that, suddenly, we've turned the corner and it's all going to be positive, I think, is setting you both up for negative feelings.

John: [00:35:04] Oh, this was a huge gut punch, yeah, this year. I agree.

Ramit Sethi: [00:35:10] I mean, your finances, to some extent, are out of your control, at least the end of your part, and so to only count on it being up is not realistic, and you saw that last year. So, what if instead of assuming it's always going to be the highest case, we make a little bit more of a conservative assumption? Start to live on that amount, start to plan for that amount, and therefore if you happen to get paid a whole bunch more, it's icing on the cake. You're willing to talk about it, to me, that is the most positive thing that could indicate there is a light at the end of the tunnel.

Lots going on here. There are the emotions around money, plus the actual numbers and the system they use to manage their money, and all of them need work. I don't blame them for feeling stressed out about money. If I were in their shoes, I'd be stressed, too. Sometimes, they earn this much, sometimes, they earn way more, how are you supposed to plan for that? I will say I was surprised to hear that they celebrate money.

That's actually pretty rare, and it's a very good sign that they can understand the joy of money, not just the stress. What I find interesting is that they seem to set themselves up for failure. They plan based on these windfall years, but that's just not reality. Some years aren't like that, and when that happens, they feel like they failed. A lot of people plan month-to-month. They never stop, and zoom out, and think on an annual basis.

And then, a lot of people only think on an annual basis. They never zoom out and think about a five-year basis. I want you to zoom out of your weekly or monthly, or depending on what level you're at, even your annual thinking. Think in a bigger scale. If you assume an average income of, let's just say $100,000 for easy math, that means some years will be $125,000, but some years will be $75,000. That's how math works. Some years are better, some years are worse.

I've had years where I made way more, some years where I've made way less. If I didn't have a North Star, some bigger vision than how much money I made that year, I would be sad and stressed, too. Here's what I want to do with them. I still don't understand where he's spending his money, so I'm going to do some calculations with him to figure it out. As you listen, you'll hear how easy it is to mindlessly spend way more money than you thought.

When we did the first calculation, we were left with 55,000, minus 8,000 for disability and medical, minus $25,000 for 401(k) full contribution, minus an 8,000-dollar loan, you still have $14,000 left. Are you surprised by that number?

John: [00:38:27] Yes.

Ramit Sethi: [00:38:28] Okay. Rebecca.

Rebecca: [00:38:30] Because what's not included in the numbers we gave about the household expenses are food, entertainment, things like that. So, the $2,500-dollar number was just housing taxes, HOA.

Ramit Sethi: [00:38:46] Okay. I get it. How much is that stuff per month, his share?

Rebecca: [00:38:53] About 2,000 a month.

Ramit Sethi: [00:38:55] Oh, that takes you into the red.

John: [00:38:57] See.

Ramit Sethi: [00:38:58] Okay.

John: [00:38:59] Right.

Ramit Sethi: [00:38:59] So, here we go. Fine, fine. We can work with this. Alright. I love it. We finally got to the answer. Okay. Very good. And you didn't include renovating your French doors, that stuff is not in there either. Did you notice that?

John: [00:39:15] Correct.

Ramit Sethi: [00:39:16] And I didn't catch the Las Ventanas or all that nice hotels that, at least, you, Rebecca, love to go to. Did you guys notice that?

John: [00:39:25] Correct.

Ramit Sethi: [00:39:25] Yes. So, now, we see how it's possible to make quite a bit of money, but it sort of just comes in and goes out, and you don't feel like you're getting ahead anyway. There's no vision. First of all, there's no accounting of where the money actually could go. The second, there's no vision of where it should go. Now that we've got this on paper, we can start to rejigger things, and we can make a rule of thumb, if I make 235,000, this is what I'm going to do with the money. When I make more, this is what I'm going to do with that money.

And so, you don't have to achieve all this stuff every single year, but at least you know what to do in the base case and what to do in a really good case as well. That's going to feel so much better than just like, oh, shit, what do I do with this money? It's just coming and going out. Question, $2,000 that you just mentioned was, what, your food and entertainment?

Rebecca: [00:40:25] Yes. So, I kind of roughly estimated about food, entertainment, Target runs, that kind of thing.

Ramit Sethi: [00:40:33] Yeah, for just him, per month?

John: [00:40:37] Yeah.

Ramit Sethi: [00:40:38] It's a lot.

Rebecca: [00:40:40] Nespresso Coffee, eating out, dental insurance.

Ramit Sethi: [00:40:45] No. Come on. Dental insurance and dinners out do not count as the same thing. Don't bullshit me. What is it? I don't mind that you guys are spending, you make a lot of money, but what is it? 2,000 for him and 2,000 for you, that's quite a bit, what is it? Is it delivery? Is it food? What is it?

Rebecca: [00:41:02] I mean, once in a while, we'll have a random expense in there. Like for example, two months ago, we bought a Dyson air purifier, humidifier. That was $900 right there.

Ramit Sethi: [00:41:10] Do you have a fund for this, like a petty cash or mid-term savings goal for this?

Rebecca: [00:41:18] For my plan, for my half is I put 10% of my paycheck into this sort of slush fund for like more major household expenses and travel. And then, I draw from that if there's not enough to pay my half of the joint card, then I have my personal expenses-

Ramit Sethi: [00:41:36] Okay. Hold on. John, I'm going to guess, you don't have the equivalent 10% slush fund for your money. Is that correct?

John: [00:41:44] Well, yeah, that's correct.

Ramit Sethi: [00:41:47] One of the key distinctions between the rich and everyone else is that the rich save before they need to. Notice that Rebecca proactively puts 10% away for these sorts of things. When the time comes, she's not scrambling for the funds, she's not wondering if she has enough. This is a great way to think about predictable expenses, like travel and birthday gifts. In fact, you can even create a fund for unexpected expenses, like parking tickets or home repair. Plan ahead. It makes all the difference.

Rebecca: [00:42:21] 16,000 is probably accurate for our joint trips.

Ramit Sethi: [00:42:24] Okay. Good. So, we're in the red now, which is okay. I mean, we don't want to be in the red, but at least we can see everything. And I am guessing we're probably 10 to 15% off in some direction. John, what do you want to do?

John: [00:42:42] Well, I'll obviously going to have to cut or I'm going to have to earn money. Those are the two options right now, right?

Ramit Sethi: [00:42:48] Yeah.

John: [00:42:49] Well, I can only cut those things that are considered discretionary, so that would be the travel, the eating out. I've got to pay my taxes. I want to make my 401(k) contribution, although it does not have to be the entire 25,000, but I would sure like it to be.

Rebecca: [00:43:07] Well, I want John to pay himself first. I want John to max out his retirement. So, whatever I need to sacrifice, that's fine. I'll figure out how to fund the trip separately. But what's also not included in these numbers is my portion of the life insurance. So, that's another 10. I'm willing to sort of consider as part of this that maybe we don't need to do that anymore.

But I'll tell you why it's been important to me, aside from the practical reasons. To me, it avoids resentment. If he's providing for his ex-wife on his death, but not providing for me, and I, sometimes come, second now, that's sort of a way to ameliorate it, and again, practically to account for our inability to save as much as we'd want to. Yeah.

John: [00:43:58] So, for example, I pay $1,300 a month for $2 million worth of universal life insurance. Of that, Rebecca probably gets about-

Ramit Sethi: [00:44:08] Who sold you that? Who sold you that?

John: [00:44:11] You'll laugh, the same friend that let me be like-

Ramit Sethi: [00:44:14] No, I'm not laughing, because I already knew the answer.

John: [00:44:17] Yeah.

Ramit Sethi: [00:44:17] You guys, this guy is not your friend. Universal life insurance is a fucking horrible-

John: [00:44:24] Oh, it's horrible.

Ramit Sethi: [00:44:25] It's horrible. And you know who it enriches? The salesperson. So, once you've been paying it, I assume for a long time, you're like, oh, my God, sunk cost, what should I do? How much are you paying, 1,300 a month?

John: [00:44:40] Yeah.

Ramit Sethi: [00:44:41] Holy shit. And how long have you been paying that for?

John: [00:44:44] Since January 1st, 2016.

Ramit Sethi: [00:44:47] I want to wring this guy's neck.

Attention, podcast listeners, I'm going to give you a quick tutorial on how to know if you're getting ripped off. If you have a guy for your money, you are probably getting ripped off. If your guy sells insurance and annuities, you're getting ripped off. And if you text them right now, and ask them, "Hey, out of curiosity, can you tell me your fee structure? How much do you charge me, and what is the fee structure?", and they send you back an oddly emotional response like, "How could you ask that? We've worked together for so long. I thought you trusted me", you're definitely getting ripped off.

And also, send me screenshots. Guys, universal life insurance almost never makes sense. If you want insurance, start with term life insurance. Remember this, insurance is not an investment, no matter what your guy tells you. Insurance is insurance, and universal insurance only enriches the salesperson. By the way, for all the insurance salespeople listening, don't bother writing into me, okay? I'll see you in hell.

The reason I'm getting mad is not at you, it's that I don't think you should have to be financial experts to not get ripped off. I shouldn't have to be a lawyer to not get ripped off when I go buy something from a store, and you shouldn't have to be financial experts. Okay. I can't tell you on this call alone whether you should cancel your policy or whatever. Here's what I can tell you. Universal life insurance is almost never good. Term life insurance is much better. If I were you, yeah, I would encourage you to look up the price of term.

I would also say, Rebecca, you kind of graciously offered to say to John, "Hey, I'm willing for you to pay yourself first, maybe I don't need this payment". Personally, I think there are a lot better ways for John, you, to be providing for Rebecca, given your age. I would not be taking my money and putting it in universal life insurance, because you're just having fees siphoned out of it. A much better approach would be for you to either contribute more to your 401(k), and/or another type of retirement vehicle, an IRA, whatever else you're eligible for with your income. And then, presumably, if you were to pass away, that would be passed to her. Is that how you've set up your accounts?

John: [00:47:30] Yes.

Ramit Sethi: [00:47:32] Okay. Then, there's no reason for you to be putting money into this black box, where a ton of percentage of it is being taken out and given to the sales guy.

John: [00:47:40] Right. I was looking for a term policy, because prior to my 10-year term expiring in 2016, I was paying pennies for $4 million worth of insurance, so I was told it wasn't available and it wasn't available at an affordable rate because of certain health issues and other things.

Ramit Sethi: [00:48:03] Okay. This is tough. You're really kind of backed into a corner here. Well, I'll encourage you to see what else is out there, take another look, maybe things have changed. If it were me, I'll speak for myself, and I were in the exact same situation, I would simply take the money that I would be paying towards this universal, I would put it in retirement accounts, and I would just tell my partner, hey, let me explain why I'm doing this, because I'd rather have 100% of this money go to you in the case that I die, rather than X percent, minus the fee that's being siphoned off right now. Understandably, there are some complexity, health issues, sunk costs, et cetera, so that's something you probably need to work through.

John: [00:48:48] Yeah.

Ramit Sethi: [00:48:49] Alright. I'm still showing that you have 11,375 left. Anybody else wondering about this?

John: [00:48:56] Well, I do spend some money on myself for some clothing. I eat lunch. I get a haircut.

Ramit Sethi: [00:49:08] Good. I want you to. Good. Okay.

John: [00:49:09] Yeah. I mean, that stuff can certainly be close to $1,000 a month at the end of the day.

Ramit Sethi: [00:49:22] Okay. So, what do you think from looking over this? We've basically zeroed it out. We've taken 235,000, we've basically brought it to zero. What do you think?

John: [00:49:31] Like I said, I think that either I need to make more money or spend less money. And obviously, the part of it that I can control right now is the spend, but not all of it, because like I said, I don't have control over the largest portions of it. So, I eat fewer meals out, buy things for myself. I can't envision where else I can make these cuts right now, and that is the issue.

Ramit Sethi: [00:50:04] Okay. Rebecca, what do you think?

Rebecca: [00:50:06] Well, I think the two biggest things are, put the math aside, whatever John thinks he's able to do, not able to do, it's clearly possible to prioritize his 401(k) contribution, and he's got to find a way to make that first, and it's clearly doable. And then, I think the second thing is we'll talk about revisiting the life insurance issue, because that is a big chunk of money that goes out the door. I know he looked at some things, and we talked about it, and I don't know if it's possible to reduce the policy to what he has to maintain under court order to eliminate my piece of it, but we're going to talk about it and put pen to paper, because we've never really done that.

And I think starting to do this with these bigger ticket items hopefully will give John some inertia and hope that he's—let's sit down, and it doesn't have to be the most detailed spreadsheet, but I would like to put it in black and white, and have a visual to see maybe what is leftover, and what we can spend and what we can't. And I'll have to figure out a piece, the travel piece. I guess I'll take that on if that's my priority.

Ramit Sethi: [00:51:14] Well, let's talk about that. So, the travel part, let's talk about this. And I happen to understand this, because I like to stay in nicer places than my wife does. I'm like, lo, this is the place, trust me, I know the exact room, I know every detail. Okay. So, how do you currently handle that?

Rebecca: [00:51:32] Yeah. I mean, I basically researched all the hotels and travel, and I plan it all. I have a bucket list of hotels I want to go to, and I say, this is what we're doing. I basically say, this is how much it's going to cost, is this doable to you? And he'll usually say yes.

Ramit Sethi: [00:51:47] John, do you really know when you're answering if it is possible for you?

John: [00:51:52] Oh, I know if it's possible, I always also know that it's going to be cutting things very, very close.

Ramit Sethi: [00:52:00] Yeah. Okay.

Rebecca: [00:52:02] So, we would put it on the joint card where we earn our airline miles, and that's important to me, too, because I accumulate miles for other trips and we accumulate miles for our trips. And then, at the end, whenever the bill is due, I'll say, this is the half of what the travel costs, and he'll include that in the monthly check he writes to me.

Ramit Sethi: [00:52:27] John, do you care about hotels like Rebecca does?

John: [00:52:29] Absolutely not.

Ramit Sethi: [00:52:32] I already knew the answer, I just had to ask it, because I like to see it in another couple, just like my own. Can I make a suggestion? I'll tell you how we have handled this, because when you're working with these really expensive hotels, it can really quickly add up. That's number 1. And then, number 2, you've got a finite amount of money here. So, like 2 or $3,000 can actually swing things quite a bit for you, John. And so, when I hear this feeling of like, oh, is it ever going to end, and I think by making a few key decisions correctly, a lot of this stress becomes alleviated.

John: [00:53:12] Good.

Ramit Sethi: [00:53:13] So, here's how we handle it. First off, we make a plan at the end of each year, very similar to how you have, it seems, we're going to go on this many trips, and we know that each trip is, on average, going to be, let's just say $3,000. When I pick that number, $3,000, and my wife and I talk about it, what I would say is we would pick a mid-level place that would be okay for both of us. I'm not talking about Motel 6, but I'm not talking about Aman.

I'm talking about something that we would both be okay with. Now, if I go, we need to stay in this hotel with a pavilion, pool, or whatever, and that's going to be an extra 5,000, 10,000, whatever, then we were going to have a conversation. And in some cases, we would say like, this is for both of us, let's do this, because it's special or it's within our plan. If it's just something I want, because I'm weird and I want it, which I consensus is the case here, then-

Ramit Sethi: [00:54:15] I can so relate.

Ramit Sethi: [00:54:16] Yes. Then, I would be like, listen, this trip, the baseline of this trip is, let's say 5,000. I want a room that's going to cost X thousand, 4,000 more, I will pick up the 4000, okay, personally. And so, we have this conversation. And sometimes, I'll make the case, and she will say, we should do that joint or not, and I'm perfectly fine if I really want something, and also, I can afford it. Rebecca, you can afford it from your own plan.

Now, what does this mean for the two of you? I actually think it brings you closer together. First off, sometimes, you're going to be like, Rebecca, you're going to go, alright, I don't want to pay $5,000 out of my pocket, this baseline hotel is perfectly good, we'll get to spend some time, eat some good food, great. Other times, Rebecca, you can be like, no, this is Post Ranch Inn, this is what I think is great for us, I want to pay for it.

And then, finally, John, as you become more comfortable with your financial situation, I know that it's going to be the case where you're going to go, you know what, this should be both of us, and maybe even one day like, I'm picking up X, because I had an amazing year and an amazing bonus, this one's on me. So, it allows you just a selection of control and the two of you get to talk about it, but you're starting from a baseline that's fair for both. It's not fair to expect John to be able to afford the places that you want to go to, Rebecca, right?

Rebecca: [00:55:41] You're right.

Ramit Sethi: [00:55:41] How do you feel about that?

Rebecca: [00:55:42] I think that's a great plan.

Ramit Sethi: [00:55:45] John.

John: [00:55:46] I don't know. Call me old school, right? You know what I'm going to say, I have a hard time with the concept of not sharing these expenses equally. Although these hotels don't mean as much to me as they do to Rebecca, I enjoy her being happy.

Ramit Sethi: [00:56:03] I get it.

John: [00:56:03] Yeah.

Ramit Sethi: [00:56:04] Rebecca.

Rebecca: [00:56:05] I know that's how John feels, and I appreciate that, but I think, Ramit, like you said, there are going to be certain times where I know it's worth it to me, I don't want him to be stressed. So, I appreciate that he wants to treat me and to share, even if it's just a shared 50-50, it's not worth it to me that it's at the expense of his comfort level, and stress, and his retirement. That can't be the situation anymore.

Ramit Sethi: [00:56:31] No Post Ranch Inn is worth your retirement, John. I don't care how nice it is. That's a nice hotel, but no. What I want for both of you, John, I want you to be able to sleep better at night, and I can see a path. I know you can't see it yet, because you're still embroiled in like, oh, my God, obligations, but I can see a path with your numbers. And we are using a conservative assumption. We haven't even talked about what happens when you get the big bonus.

Rebecca, I know that you've mentioned that you want safety, you want a plan. And so, listen, I understand the old school mentality, as you put it, John, but I think that if the two of you have this discussion, it will be great. I also think that the difference between the way that you are currently traveling, John, you mentioned like this is the only way we were able to do it, the difference between that and this plan is this plan is proactive. The two of you are reactive to money. Imagine, December 30th, you open the spreadsheet, you go, oh, shit, and then the entire rest of the year, you're playing catch up.

It's no way to live, right? You're playing catch up from last year's taxes, last year's debts, last year's French doors, all of it. It just sucks. You never get ahead. The only time you get ahead is if somebody bestows you with this gigantic bonus, which then just gets eaten up. We've got to end that pattern right now. So, part of it is what we have just done, we've changed the dynamic around travel. That's just one example. You can extrapolate that to many. Let's pick a number. Hotels and travel go from 625 a month to what? What number? Make it up.

Rebecca: [00:58:11] 300 a month.

Ramit Sethi: [00:58:12] Great. Okay. You cut it in half. Is that realistic?

Rebecca: [00:58:15] I think so. I think if I'm contributing more of it, even—that's realistic for John's share.

Ramit Sethi: [00:58:21] Okay. Great. Perfect. So, right there, we just earned an extra 3,000. Now, here is the key. What are you doing with that money, John?

John: [00:58:35] Putting into my retirement.

Ramit Sethi: [00:58:37] Good. Good. And if you've already maxed out your 401(k), what are you doing with it?

John: [00:58:43] Paying down debt.

Ramit Sethi: [00:58:44] Which debt?

John: [00:58:53] Pay my friend some money.

Ramit Sethi: [00:58:56] Love it.

John: [00:58:56] Yeah.

Ramit Sethi: [00:58:57] Alright. That's awesome. Now, we're coming up with a plan, so you know what to do with this extra money. See, this is the best part. There's a lot of fat in everybody's spending, especially at higher income levels, right? Nobody sees it, but you go through it, you go, yeah, we can cut this, we can cut that, but the thing that nobody does is they never actually make a plan for what to do with the newfound money.

They just go, oh, yeah, like I'll do something, but money gets absorbed. One of my friends told me, he said, "When you become a parent, your kids will suck all the energy out of your relationship if you let them. And so, you have to fight for the two of you to have time together." I thought that was really wise. I found the same thing with money. Money will go if you don't prioritize and fight for it to go to the right place, especially when you live in a city, in a nice place, et cetera, right?

No judgment. I like to eat out sometimes, too, but I got to make sure I prioritize the things that matter. Okay. We did that, what about this 2,000 on food and entertainment? I feel like there's an opportunity there. There's some wiggle room. Find it. It's okay if it takes a few months. The point is not that I need you to start cutting everything tomorrow. That's not the point. It's got to be sustainable. But I'm willing to bet, just from looking at these numbers, there's a way for John to reduce about 300 to 500 a month with a little thoughtfulness, a little creativity.

Again, that's 4,000 bucks-plus per year. We're starting to talk about some serious cash here. And some suggestions I might make would be, John, you've mentioned you want to build up your savings account, I think that would be really smart. It would give you a sense of security. It would also do the same for you, Rebecca. So, yes, of course, you're going to max out your 401(k), that should happen, but what else? You have other retirement options. It could be investing or it could simply be savings. And that would start to feel really good when you see 5,000, 10,000, 15,000 sitting there in liquid, make you sleep a lot better at night.

John: [01:00:58] Yeah.

Ramit Sethi: [01:00:59] Yeah. Okay. What are you both thinking as you hear this conversation right now?

John: [01:01:10] Well, I'm thinking that it's a conversation we should have had a long time ago and it's certainly possible to accomplish what we need to accomplish.

Ramit Sethi: [01:01:22] Rebecca.

Rebecca: [01:01:24] I'm feeling a lot more hopeful and I see a tremendous change in John in terms of his openness. Before, money was a topic he couldn't talk about, much less like literally go down and make a list of what we're spending and how to maybe cut. So, I think this is a tremendous progress already.

Ramit Sethi: [01:01:46] This is awesome. Well, I will say, you both came to play ball, and that is what I appreciate most. We can be in whatever financial straits, but the fact that you both are open about the very complex financial situation you have is absolutely amazing. I have been very impressed that you two have talked about so many of these things. Yeah, maybe you haven't talked about it in the perfect way, and sure, there's some avoidance in certain things, okay, the fact that we can sit here and take some assumptions about how much you're going to make, which until now has paralyzed the two of you, well, the answer is just pick a number, and ideally, be conservative.

So, we picked it. We have some stuff. I think there's probably some wiggle room in this on the order of like 10,000, maybe even more per year, which is a lot of money. And finally, something that will be a joyful discussion for the two of you is, what do we do if I get a bigger bonus? That's a great conversation to have. I'll leave that for the two of you to have.

The elephant in the room for John and Rebecca was the nearly $70,000 in annual obligations that John has to pay to his ex-wife every year. Did you notice that it dwarfed almost anything else we talked about at the beginning of the call? But did you also notice that by the end, we weren't really talking about that at all? Here's why. Sometimes, the thing that consumes you is not really the major problem at all, it's simply the step you have to get over to confront the real issue.

The fact of the matter is John owes nearly $70,000 a year. Nothing he can really do about it. He's a lawyer, I'm sure he's looked into it, let's move on. Once he accepted that, then we got to tackle the real issues. One of the real issues was he doesn't know how to plan on an irregular income. He can make 235,000, he can make 305,000, so what's he supposed to do? Well, the answer is just plan around 235,000. Just plan around it.

Once you make a plan on how to live at 235,000, which is his conservative estimate, then the rest of it becomes a joyful exercise of, what do I get to do with all this extra money? In some years, like last year, where he didn't get paid a whole bunch more, that's okay. You can't get paid a huge bonus every single year. He got paid roughly his base case assumption. He's already planned for how to live on that. It's no big deal.

Sometimes, we're so paralyzed by uncertainty that we go years without making a decision. It would be much better if he simply said, you know what, I'm just going to pick the worst-case scenario, 235,000, let me plan around that. Once he did that, it was very freeing. He could start to look at his expenses, which had candidly gotten a little bit out of control. I can understand why, that doesn't justify it, but I can understand why.

Once he started to get disciplined about that, then he started to realize, oh, my gosh, I can pick up $4,000 here, $5,000 there, I can tighten up certain things. That's a lot of extra money that can go towards his retirement. It's very meaningful, especially at age 61. And then, of course, he had to talk to Rebecca. They have some assumptions in their relationship. He wants to be 50-50 in certain expenses, that will be for him and Rebecca to discuss. They also have differences of opinion on how they're going to spend on things like travel.

In the grand scheme of things, those are minor issues, and I actually think that they're probably pretty reasonable about that. The larger issue is having a North Star. In their case, the North Star might be, I want to be financially responsible. Even though I'm obligated to pay nearly $70,000, I still want to save and contribute to the household. And I want to provide for you, Rebecca, in case something happens to me. That's a great North Star. That allows him to have a very good quality of life, to acknowledge reality, and then to make a plan. That's one of my goals with this podcast, so thank you for listening.

And by the way, I've received follow-up letters from Rebecca and John. You can read the full follow-up letters from both of them at iwt.com/followups, but here's a little excerpt of what they wrote. "We are too reactive regarding money and we have no plan. Also, there's too much left up to chance regarding John's year end. Having a plan based on John's worst-case scenario will alleviate anxiety regarding waiting for year-end info. Any extra money will be icing on the cake." That's exactly what I wanted to hear. To read the full letters, go to iwt.com/followups and enter your email address.

Thanks for listening to I Will Teach You To Be Rich. I'm Ramit Sethi. Please follow the show on Apple Podcasts, Spotify, or wherever you follow podcasts. You can find some of my best advice on money, psychology, business, and careers at iwt.com. Sign up for my newsletter there.