

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Jack:** [00:00:02] And this was a perfect opportunity. We hadn't been to New York in a long time. I wanted to go. I didn't really care what it cost. She was all for it. She's been wanting to go to New York as well. But then, it just got into this whole planning thing, mostly around finding the best airmiles, finding the cheapest hotel. When I see something that I'm okay with, I'm like, let's just do it, but it seems like Rachel is never satisfied until she's exhausted all pricing options, so that always becomes a point of frustration.

**Rachel:** [00:00:37] When he showed me the rate for the Saturday night, it was 397, I was like, forget it, it's not worth going, I can't do it, so I ended up booking something else and we had to change rooms halfway through the trip.

**Ramit Sethi:** [00:00:49] Rachel, what is your net worth?

**Rachel:** [00:00:51] Over 5 million.

**Ramit Sethi:** [00:00:56] Welcome to I Will Teach You to Be Rich. I'm Ramit Sethi. I really love today's couple. Rachel and Jack are in their mid-50s and their household income is about \$150,000. But by following the same principles I describe in I Will Teach You To Be Rich, they have accumulated over \$5 million, which is amazing. There's just one problem. Rachel doesn't actually believe that she has the money. She can't bring herself to spend it. And she's got all kinds of invisible scripts around money, like rich people are assholes. She has actually done what so many of us do. She saved and saved, but she never actually built the skills of spending.

In today's episode, you'll actually hear the torment in her voice as she describes how she wants to change, but it's so hard. Let's start by listening in to a recent trip that Jack was going to take to New York. He invited Rachel to come along, but when Rachel found out how much the hotel would cost, she almost canceled the trip. Here's what happened.

**Jack:** [00:02:15] We've been wanting Rachel to take advantage of being able to join me on these trips and this was a perfect opportunity. We hadn't been to New York in a long time. I wanted to go. I didn't really care what it cost. She was all for it. She's been

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wanting to go to New York as well. But then, it just got into this whole planning thing, mostly around finding the best airfares, finding the cheapest hotel, not cheap hotels, but low hotel rates.

While I agree to a certain extent on some of those things, when I see something that I'm okay with, I'm like, let's just do it, but it seems like Rachel is never satisfied until she's exhausted all pricing options, so that always becomes a point of frustration. The associate I was traveling with suggested a hotel that was half-a-mile from where the meetings were going to be.

**Ramit Sethi:** [00:03:09] Which hotel? How much was it?

**Jack:** [00:03:11] The Moxy in East Village. The Saturday night was expensive, but the Sunday night, Monday night was not expensive at all, so rough and tumble, I think the average cost per night was 200, 208.

**Ramit Sethi:** [00:03:26] Okay. How do you feel about that for Manhattan?

**Jack:** [00:03:28] Oh, my God, that, to me, I was shocked that the prices were that low.

**Ramit Sethi:** [00:03:32] They got a nice lobby in that Moxy Hotel. It's pretty cool. So, you presented her the Moxy, which is a modestly priced hotel for New York, and now, I want to hear from Rachel. So, Rachel, Jack comes to you, he says, "Hey, let's take this work trip, here's the hotel I have in mind", how did you respond to that?

**Rachel:** [00:03:55] Panic. When he showed me the rate for the Saturday night, it was 397, I was like, forget it, it's not worth going, I can't do it. And then, I kept saying, well, if we average in the next couple of nights, it's fine, it all comes down to this amount, and work is paying for one of the nights, but it was at 397 in my head that I couldn't do, so I ended up booking something else and we had to change rooms halfway through the trip, hotels.

**Ramit Sethi:** [00:04:21] Wait. Hold on. Where did you end up booking?

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**Rachel:** [00:04:24] Marriott Town Suites, Town Place Suites, or something in Chelsea. It wasn't terrible.

**Ramit Sethi:** [00:04:29] Oh, I know that hotel.

**Rachel:** [00:04:31] It wasn't terrible.

**Ramit Sethi:** [00:04:32] It's not the Moxy.

**Rachel:** [00:04:33] No.

**Jack:** [00:04:34] It's not.

**Ramit Sethi:** [00:04:35] I'm curious, Rachel, you've got to walk me through this process, because I love hearing this. So, he showed you this hotel, did you care about the neighborhood or the hotel itself, or was it the rate that you cared about?

**Rachel:** [00:04:48] It was the rate, 100%.

**Jack:** [00:04:50] Okay. Straight to it.

**Rachel:** [00:04:51] 100%.

**Ramit Sethi:** [00:04:52] And it was one night's rate, Saturday night, that really got you, then what did you do? Did you open up a website and start looking?

**Jack:** [00:05:00] Oh, a thousand browsers, like all I could do was search for something that would be better, and then, Sunday, we moved to the Moxy.

**Ramit Sethi:** [00:05:10] Hmm. It sounds like a pleasant trip, picking up your suitcases and moving across town to save, how much did you end up saving?

**Rachel:** [00:05:21] Probably \$200, maybe. I know.

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**Ramit Sethi:** [00:05:25] Rachel, what is your net worth?

**Rachel:** [00:05:27] Over 5 million.

**Ramit Sethi:** [00:05:30] Can you say that a little louder for us?

**Rachel:** [00:05:32] No.

**Ramit Sethi:** [00:05:33] Say it. It's okay. It's your money.

**Rachel:** [00:05:36] Over 5 million.

**Ramit Sethi:** [00:05:38] Think about this. You have millions of dollars and you cannot bring yourself to spend \$200 on a Saturday night on a Manhattan hotel room. Don't laugh, don't laugh, and don't roll your eyes. If you're listening to this, it's likely you will probably be in this situation someday. Most of us know how to save, but we've never built the skills of spending money, and you can see right in this example what happens when that is taken to absurd heights.

Now, early on in your career, when you have very little money, saving \$200 at a hotel can make a lot of sense. I used to visit New York and I would sleep on my friend's couch in Hell's Kitchen when I went. It was awesome. But now, I don't need to save \$200 and I don't want to sleep on a couch. This is where it's tricky to recalibrate your spending, and many of us are frozen in time with our expectations around spending from our early 20s. If any of you have a cheap dad who still tips 10%, you know exactly what I'm talking about, it's not 1986 anymore, or in Rachel's case, I don't actually think she's cheap.

I think she just has a mental bucket for what a hotel should cost and she's internalized saving money as part of her identity. By the way, I'm also frozen in time, not with my money, but with my music. I basically stopped listening to new music around the year 2000, and now, all my Pandora stations end up playing the same songs, Whitney Houston, Dru Hill, 112, and New Edition. Rachel claims she needs help. In my experience, people who claim they need help spending money are almost never serious

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about changing. That's because deep down, they don't really believe they have a problem. We'll see.

Rachel, looking back, what do you think?

**Rachel:** [00:07:45] That's why we're talking to you, I need to get over it.

**Ramit Sethi:** [00:07:48] Is that true? Do you?

**Rachel:** [00:07:50] Yeah, I do. Oh, absolutely. I fully understand that I am way too uptight about this stuff. In the end, we had a fabulous time and I'm glad I went. And probably, in retrospect, it almost got to the point where I said, forget it, it's not worth going, you go on the business trip, I'll stay home, it doesn't matter. I feel like since I've stopped working, between that and COVID, it's been a lot of home time, and all of a sudden, now, the idea of spending money is suddenly scarier than it used to be.

**Ramit Sethi:** [00:08:30] That's so interesting, because most people, if they hadn't spent money in two years, and then they had the chance to go to New York, they would jump at it, but you were saying you almost called the whole thing off because of one night's rate at a hotel.

**Rachel:** [00:08:49] Yeah.

**Ramit Sethi:** [00:08:50] Why is that?

**Rachel:** [00:08:51] I'm not comfortable spending.

**Ramit Sethi:** [00:08:54] Yeah. When you were out in New York, did you all eat out at different places?

**Rachel:** [00:08:58] Yeah.

**Ramit Sethi:** [00:08:59] Was it good?

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**Rachel:** [00:09:00] Yeah.

**Jack:** [00:09:00] It was fabulous.

**Ramit Sethi:** [00:09:01] Where did you guys eat?

**Rachel:** [00:09:03] A couple new restaurants.

**Jack:** [00:09:06] Sweetbriar.

**Rachel:** [00:09:07] Yeah.

**Jack:** [00:09:09] Sweetbriar, Saturday.

**Rachel:** [00:09:09] That's brand new, Freemans, we went to the famous deli, Barney Greengrass, after a run in Central Park. We had a great time.

**Ramit Sethi:** [00:09:17] Cool. Now, those places you mentioned, at least a couple of them, they're pricey. When you looked at those menus and you saw a 16-dollar bagel, which is very common, what did you do?

**Rachel:** [00:09:30] Because the trip was sort of an impetus to get my ass in gear with the way I'm thinking, I kind of did my best to let go.

**Ramit Sethi:** [00:09:41] What does that mean?

**Rachel:** [00:09:43] To just say, you know what, we're here to enjoy it, and I feel like we did.

**Ramit Sethi:** [00:09:48] As you say that, and you reflect on almost canceling your trip to New York because of a one or 200-dollar night, what does it make you think?

**Rachel:** [00:09:58] I'm an idiot.

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**Ramit Sethi:** [00:10:01] Do you believe that?

**Rachel:** [00:10:02] Sometimes, yeah. Yeah, I mean, I know it's so ridiculous. I know that.

**Ramit Sethi:** [00:10:10] I don't think you're an idiot. I don't. I mean, you can't be an idiot to accumulate \$5 million. I think there's probably some disconnect between what's in your head and what's on paper, versus what you feel.

**Rachel:** [00:10:26] 100%.

**Ramit Sethi:** [00:10:26] I don't think you're an idiot and I don't think it's ridiculous. I think if we can take away those extreme words, then we can start to say, alright, let's just examine this like a scientist and let's try to figure out what's going on. Okay. I got to know, how did you both make \$5 million? That's very impressive.

**Jack:** [00:10:44] In very, very tiny, tiny little chunks.

**Ramit Sethi:** [00:10:47] You guys did it the I Will Teach You To Be Rich way, it sounds like.

**Rachel:** [00:10:49] Absolutely.

**Jack:** [00:10:50] When we first got married, Rachel decided to go back to school, I was working two jobs, and I had gotten a new career job where I had gotten a sign on bonus, first thing out of Rachel's mouth was, oh, we're going to pay off your student loan, and my heart sunk, because I wanted to do something fun with it. Of course, it was the right decision at the time, and we paid off my student loans, but that was at the beginning, and we had a little bit left over, and we got involved in no-load mutual funds at that time, and I think we were putting \$25 a month in, something like that.

Neither one of us comes from money, both working class family backgrounds, and we just kind of pecked away at it. But what we did do was set it auto, and once we set it auto, we never looked back. It's like I didn't even look at it, Rachel never even looked at

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it, and I guess, yeah, I'm a little shocked that it's now over \$5 million as well. As we got more money coming in from the salaries, we increased what those monthly deposits were. And then, once I had the option of getting into 401(k), we started to load that up to its extent. Yeah, it was much like running a marathon or climbing a mountain and just little by little.

**Ramit Sethi:** [00:12:17] Beautiful. Rachel, what was your experience?

**Rachel:** [00:12:20] I hate having debt, and when you talk about the I Will Teach You To Be Rich way, it's like I initially thought, okay, we have this money here, how can I make the most of it? Then, I read as much as I could, and I realized early on, luckily, that I didn't want to put it with an advisor or somebody with the fees that were going to eat away at it, so we literally just put it on set it, and forget it, and I'm shocked that it worked out.

**Ramit Sethi:** [00:12:53] Boom. That's what happens when you follow the I Will Teach You To Be Rich system. They started investing \$25 a month. Now, they have millions. If you are listening, hit pause, go get my book from Amazon, or bookshop.org, or Audible. Set up your automatic system and let it ride. If you already have six figures, if you already earn six figures or you have a six-figure net worth, go to [iwt.com/products](http://iwt.com/products) and get my advanced personal finance program. There are no secrets, no hacks, no gimmicks, but if you follow these simple steps, that is how real consistent wealth is created. Now, with Rachel and Jack, they did the money part, but they haven't mentally acknowledged their success yet.

Do you two embrace that you have become multimillionaires?

**Rachel:** [00:13:55] No.

**Jack:** [00:13:56] Even I am disbelieving when I think of it like that, and I don't know where it places us in the whole scheme of income earners, but when I see things about what families have saved, what they've got put away for retirement, it's like this wash-over-me realization is like, wow, we're in a really good position compared to most people, but yeah, we've never looked at ourselves that way, for sure.



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**Ramit Sethi:** [00:14:26] Rachel, does it strike you? Do you acknowledge that you're a multimillionaire?

**Rachel:** [00:14:30] No.

**Ramit Sethi:** [00:14:32] Talk more.

**Rachel:** [00:14:33] This probably sounds terrible, I don't value or I don't like people who brag about having a lot of money, who have a very ostentatious lifestyle, so when I see that number, it freaks me out a little bit.

**Jack:** [00:14:58] Because?

**Rachel:** [00:14:59] I don't want to be that.

**Ramit Sethi:** [00:15:00] Yeah. Can I put it in different words?

**Rachel:** [00:15:03] Yeah.

**Ramit Sethi:** [00:15:03] Tell me if this sounds accurate. Did you grow up not liking "the rich"?

**Rachel:** [00:15:11] Yeah.

**Ramit Sethi:** [00:15:11] And now that you have become the rich, what does it mean?

**Rachel:** [00:15:15] I don't want to be an asshole.

**Ramit Sethi:** [00:15:16] Yeah.

In America, we love rich people, and we hate them, too. We idolize the rich. We buy their books about how they grew up on a dirt road, and hold themselves up through their hard work, and finally made it, oh, the American Dream. We also love to follow the rich

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on Instagram, where they're sailing to a Greek island on a Wednesday, and buying 2,000-dollar wellness supplements, and looking effortlessly beautiful in cashmere.

We love the rich, but we also hate them. We think they're selfish, greedy, evil. If people are making money, fine, but when we find out exactly how much, we hate them. Buying a Tesla and posting about it, that's okay. Buy a Ferrari, you're an asshole. Say in an interview that you like organic food, great, super relatable, but if you actually share how much you spend on those organic eggs and almond butter, suddenly, you're out of touch, people are dying, in this economy, et cetera.

It's this puritanical dichotomy that defines America. Most of us don't even realize we feel this way until it's pointed out to us. Interestingly, there is one group of rich people who we unapologetically love. You know who it is? Rich people who act poor. Warren Buffett, oh, wow, you live in a house from 1969. That's so relatable. Let's just ignore the fact that you own a private jet. Bill Gates, wow, you wear Dockers, so relatable. Let's just ignore your 66,000 square-foot house. Or Oprah, well, oh, that's alright, she's Oprah.

Americans puritanical cultural script is spending money is bad. That's the script. We love this millionaire next door idea of this relatable millionaire wearing jeans, who skips the sushi plate and the tuna tartare, and instead goes directly for the sloppy joes. Fine. True in some cases, but many more millionaires spend profoundly differently than the average American. They should. They can afford to. These deep, invisible scripts permeate our culture and write the rules of the game that you don't even realize you're playing.

Years ago, I decided I wanted to change this. I started sharing more of how I spend my money. I showed you how I hired a personal trainer. I show you some of the hotels I stay in. I also show you that I wrote 100,000-dollar check in the 2020 presidential election to help people get free transportation to vote. I want to show you that you can make money and be a good person. I want to show you that it's okay to spend money on the things you love.

And you know what, sometimes, they don't even have to provide you an ROI. You can

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simply buy them because you want to. And sometimes, I show you that eating tacos on the back of my car is also my rich life. There's no honor in pretending not to be rich. It does not make you a better person. I actually think it's selfish. For all the people who post on investment forums saying things like, it's not like we're rich, we're comfortable, we make \$290,000 a year and we have a small portfolio of \$2.3 million, you're fucking rich.

First, you're playing small by not acknowledging you're rich. And second, it's incredibly insulting to people who don't have anywhere near what you do. If you are rich, own it. If you're wealthy, acknowledge it. I'm rich, I worked hard, and I had a lot of help and a lot of luck. And I always said, once I make it, I'm bringing everyone with me, and now, I get to do that. Listen now as you hear Rachel explain where her views of money come from.

What was your view of the rich growing up?

**Rachel:** [00:19:48] I wasn't around those kind of people. We're older, my dad grew up in the Depression, so I grew up always hearing, save what you can and never to have an ostentatious lifestyle. It just wasn't part of our lifestyle.

**Ramit Sethi:** [00:20:09] Where'd you grow up?

**Rachel:** [00:20:10] South side of Chicago. Gritty.

**Ramit Sethi:** [00:20:13] Yeah. And so, your dad, you remember him telling you, save, save, save, what else do you remember?

**Rachel:** [00:20:22] Again, he was a product of the Depression, so I was never spoiled and it was always work for what you have.

**Ramit Sethi:** [00:20:35] It's a good lesson.

**Rachel:** [00:20:36] Yeah.

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**Ramit Sethi:** [00:20:37] Did he buy a lot of stuff? Like if he saw something on sale, would he buy it, extra?

**Rachel:** [00:20:42] He wasn't a shopper at all.

**Jack:** [00:20:43] Okay. What did he do with his money?

**Rachel:** [00:20:46] Saved it.

**Ramit Sethi:** [00:20:48] Is he still alive?

**Rachel:** [00:20:49] No.

**Ramit Sethi:** [00:20:50] Okay. What happened with his money in the end?

**Rachel:** [00:20:53] There wasn't a lot there and my mom lived on for almost 20 years after him.

**Ramit Sethi:** [00:21:01] Did your mom do okay financially after your dad passed?

**Rachel:** [00:21:06] Mm-hmm.

**Ramit Sethi:** [00:21:06] Okay. Was that ever a concern?

**Rachel:** [00:21:07] Yeah.

**Jack:** [00:21:08] She always wanted to give us something for birthdays, anniversaries, Christmas. She would give us what we considered large sums of money.

**Rachel:** [00:21:19] \$300 or something, yeah.

**Jack:** [00:21:22] Yeah. And we never cashed one of the checks. And it irked her until the day she died, because it screwed up her checking account, and Rachel was like, no, I mean, she could ultimately need this for long-term care, for whatever. So, anytime she

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gave us a present like that, it never actually left her account, because we never cashed any of it.

**Ramit Sethi:** [00:21:47] I really like you two. I like you two for so many reasons. First of all, it's just fun to talk to you, I love this story about going to New York, and I think it's really cool that you almost seem unaware of what you've accomplished. You have really accomplished something quite amazing. You're quite young. Yeah, mid-50s. I know you mentioned we're on the older side, but no, you're quite young, particularly for the amount that you've accumulated.

And I love that little tidbit you just threw in there, she would try to give us large amounts, and then Rachel chimes in, 300 bucks, like it's just so relatable. And I love all of that, it's just you're like a next door neighbor, you're like a friend, but there's one big difference, you have over \$5 million. Can you be both? Can you be the next door neighbor, the friend, and have a multimillion-dollar net worth?

**Jack:** [00:22:53] Absolutely, yes.

**Rachel:** [00:22:53] That's what I'm going to figure out.

**Ramit Sethi:** [00:22:56] Mm-hmm. So, interesting that two different answers there. Jack said, absolutely, and Rachel said, that's what we're going to figure out.

**Rachel:** [00:23:04] He's much more confident of that than I am, for sure.

**Jack:** [00:23:08] I guess because I know from whence we came, we're the kind of people that would do whatever was necessary to help a friend, and I don't see that changing. And if anything, I see that it puts us in a position to actually do that even more readily. So, in some ways, the sum actually allows us to be even more of what we are, or where we came from, or that sort of thing. We still won't ever be ostentatious. We'll never be flying it in front of people, purposefully beating our chest and extolling our bank account to anybody. The money itself, to me, is not a negative and shouldn't be perceived as a negative.

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**Ramit Sethi:** [00:23:57] Rachel, what about you?

**Rachel:** [00:23:58] I hope so. I still have this unexplainable fear of it running out, that we haven't done enough, that because I'm not working, suddenly, the stock market's going down, and all of a sudden, it's going to disappear just as quickly as it appeared.

**Ramit Sethi:** [00:24:17] Like it'll disappear over 30 years?

**Rachel:** [00:24:20] Yeah. I mean, I hope to live that much longer.

**Ramit Sethi:** [00:24:24] I mean, I'm trying to make the point that you didn't just make this money overnight.

**Rachel:** [00:24:28] Right, but I still am not confident that without me still contributing that it will last, that it's enough.

**Ramit Sethi:** [00:24:41] There it is, I was looking for the C word. I was counting how many minutes until you said the C word? Contribution, and it's always the lower-earning member of a couple who is obsessed with the C word. Am I contributing enough? And sometimes, it might be a parent who's staying home with the kids, they go, am I contributing? This doesn't show up on the spreadsheet, but do we count my child care, and all the time that I'm making the food, and this and that? And it's so interesting that in your mid-50s, after a very successful long career, investing, and doing all of that, you're still using the C word. Hmm. What would make you feel safe?

**Rachel:** [00:25:34] I don't know.

**Ramit Sethi:** [00:25:36] Try to guess.

**Rachel:** [00:25:37] I don't know. I feel like I think part of the issue is the way we accumulated the money. I read a few Kiplingers and personal finance books, and we just started putting it away, and it somehow got there. So, I feel like I'm not an expert, and we've never gone to an expert to like look at our finances, and I feel like I've missed something, so I'm trying to educate myself now.

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**Ramit Sethi:** [00:26:13] Well, okay, maybe you did miss something. Maybe you missed out on some obscure tax advantage or some type of account. You missed the fifth rung of my rung of personal finance, whatever. Yeah, you missed it, and, finish the sentence for me. What does that imply?

**Rachel:** [00:26:30] That it's going to collapse.

**Ramit Sethi:** [00:26:32] Right. Okay. So, you built a house of cards, but you think maybe you missed one little thing at the lowest foundation level and it's all going to collapse.

**Rachel:** [00:26:42] Maybe.

**Ramit Sethi:** [00:26:42] Okay. So, that's interesting. It sounds like maybe you might feel safer if somebody reviewed everything for you and told you this is correct.

**Rachel:** [00:26:55] Maybe, yeah.

**Ramit Sethi:** [00:26:57] Fair enough. Maybe. What else would make you feel safe?

**Jack:** [00:27:01] I don't know.

**Ramit Sethi:** [00:27:02] How much did you make at the job you left?

**Rachel:** [00:27:04] I was at 117.

**Ramit Sethi:** [00:27:07] Okay. And you left that job, and now you're working part time, and how many hours are you working and how much do you make?

**Rachel:** [00:27:15] It depends. I'm making minimum wage. It depends on the time of year, how much I'm working. It's a good job for a good cause.

**Ramit Sethi:** [00:27:24] It's a farm. Is that right?

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**Rachel:** [00:27:25] Yeah, it's an urban farm.

**Ramit Sethi:** [00:27:27] That's cool.

**Rachel:** [00:27:28] We donate a lot of our proceeds to the food pantry, and it's pretty cool.

**Ramit Sethi:** [00:27:33] That's awesome.

**Jack:** [00:27:34] It started as fully volunteer, too, so it just that they've seen what she can bring to the organization, and so they've actually started to compensate her for the hours she's putting in, as opposed to just doing it free.

**Ramit Sethi:** [00:27:52] Great. Okay. So, this is something that is like a passion of yours, and you're contributing to it. Fantastic. And Jack, I understand that you still work, and Jack, what's your income?

**Jack:** [00:28:05] 156.

**Ramit Sethi:** [00:28:08] Okay. Do you both own your house?

**Jack:** [00:28:10] Yes.

**Ramit Sethi:** [00:28:11] Where does the money go?

**Jack:** [00:28:12] Probably most of it goes back into our accounts.

**Ramit Sethi:** [00:28:16] Investing and stuff.

**Jack:** [00:28:17] Yeah, maxing out on 401(k), for sure, back to our Roth conversions, and then we've got a series of accounts, again, much like what you talk about in the book with online banks that have cash in them, so we have the access to it, that every



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week and every month, it flows into an account that then disperses it to the investment accounts.

**Ramit Sethi:** [00:28:45] You guys are very savvy. You're doing everything right.

**Jack:** [00:28:48] And it just goes, and goes, and goes.

**Ramit Sethi:** [00:28:50] It's like a loop that at the level that you are at, you have more money than you know what to do with. It sounds weird to say, doesn't it?

**Rachel:** [00:28:59] Yeah.

**Jack:** [00:29:00] Totally.

**Ramit Sethi:** [00:29:00] It's weird because almost everybody in America has a different problem than you have. Virtually, everyone is, I don't have enough, I need to save more, but you're in the enviable position where you actually have more just sitting in investments than you know what to do with and your income is basically just going right back into that asset, so you've got a whole different challenge.

It's a much better challenge, but it is a challenge nonetheless. Okay. Good. Good work. I mean, a lifetime of this. I know, Rachel, you said it seems surprising, Jack, you even mentioned, it's hard to believe, but if you start investing early, you invest consistently and you have relatively high incomes, it's just math. It's not magic, it's just math.

**Rachel:** [00:29:55] We are the poster children for your book, for your method. Seriously, like we've done nothing else but that, and that's how we've gotten here.

**Jack:** [00:30:04] Yeah. \$5 million-plus.

**Rachel:** [00:30:07] Yeah.

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Ramit Sethi:** [00:30:08] So, what does somebody who has \$5 million do? Let's start not with you, but with somebody else. When you envision a multimillionaire, what kind of lifestyle are they leading?

**Jack:** [00:30:22] Driving fancier cars.

**Ramit Sethi:** [00:30:25] Can I guess what you drive?

**Jack:** [00:30:28] Oh, I don't think you're going to get mine.

**Ramit Sethi:** [00:30:30] Okay. Is it a Subaru?

**Rachel:** [00:30:32] No. I want one, though.

**Jack:** [00:30:35] It is a Toyota that we inherited from Rachael's mom when she passed.

**Ramit Sethi:** [00:30:42] Oh, my God.

**Jack:** [00:30:42] 2003.

**Ramit Sethi:** [00:30:43] I love you two. I love you. Oh, my God. Toyota what?

**Jack:** [00:30:51] Camry. Oh, it's the top of the line Camry for 2003, but still.

**Ramit Sethi:** [00:30:54] I know that model. I know that model very well.

**Jack:** [00:30:56] You would have nailed it, because we were actually looking at a Subaru at the time, but then when we had the opportunity to take over Rachel's mom's car, we're like, the car just runs too well-

**Ramit Sethi:** [00:31:12] Yeah, it's too good of a car.

**Jack:** [00:31:13] ... to just turn around and sell it.

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Ramit Sethi:** [00:31:14] I agree. It's too good of a car.

**Jack:** [00:31:15] It's just that it's going to run, and run, and run, and so we figured, why take on a car payment when we've got a perfectly good running car?

**Ramit Sethi:** [00:31:24] Okay. So, back to the multimillionaires, what else do multimillionaires, what kind of lifestyle? They have a nicer car, what else?

**Rachel:** [00:31:30] Well, just what I did with New York, a multimillionaire is not going to turn their nose up at going and staying at the Moxy.

**Ramit Sethi:** [00:31:39] Mm-hmm. Can we do a role play? You be a multimillionaire, hypothetically, and we're going to plan a trip to New York.

**Rachel:** [00:31:48] Okay.

**Ramit Sethi:** [00:31:49] Okay.

**Rachel:** [00:31:49] Yeah.

**Ramit Sethi:** [00:31:50] Okay, Rachel. I'm excited. We get to go to New York, we've been talking about this for a long time, so I was thinking that we would go mid-March and we'll go for like five days. How does that sound?

**Rachel:** [00:32:02] It's a long time. I'm being rich, not me, right?

**Ramit Sethi:** [00:32:06] Yeah. Yes, you're being rich Rachel, not real Rachel, who's also rich.

**Rachel:** [00:32:10] Great. Fabulous.

**Ramit Sethi:** [00:32:11] But rich Rachel.

**Rachel:** [00:32:12] We're going.

**I Will Teach You To Be Rich podcast Episode 40:**

**Rachel and Jack**

**Ramit Sethi:** [00:32:13] Okay. Great answer. And yeah. So, I have a couple of ideas for hotels, but what are you thinking?

**Rachel:** [00:32:21] Whatever you want to do, let's stay in the best area, so we don't have to walk too far.

**Ramit Sethi:** [00:32:26] Oh, so I can just go ahead, and just book it, and you'll be good?

**Rachel:** [00:32:30] Yeah.

**Ramit Sethi:** [00:32:31] Okay. And in terms of eating, I have a couple places I was thinking, what are you thinking?

**Rachel:** [00:32:37] It's got to be fancy.

**Ramit Sethi:** [00:32:39] Wow. Okay.

**Jack:** [00:32:41] Per Se.

**Ramit Sethi:** [00:32:41] Per Se.

**Rachel:** [00:32:41] Yeah, Per Se.

**Ramit Sethi:** [00:32:41] Okay. Very nice. What else do you like to do? You want to see a show?

**Rachel:** [00:32:46] Yeah.

**Ramit Sethi:** [00:32:46] Alright. So, Rachel, why don't you pick the show that we see? What are you going to pick?

**Rachel:** [00:32:53] You know what, we didn't see Hamilton when it was here, we'll go see Hamilton.

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Ramit Sethi:** [00:32:57] Okay. That sounds good. Hey, will you just let me know what seats you chose for Hamilton?

**Rachel:** [00:33:01] Yeah, they're going to be down front.

**Ramit Sethi:** [00:33:03] Wow. Okay. So, let's zoom out of this example. What was the difference between rich Rachel and real Rachel?

**Rachel:** [00:33:13] Every single thing.

**Ramit Sethi:** [00:33:15] Talk me through it.

**Rachel:** [00:33:16] I would never say—for five nights, I'd be like, well, do we have to stay that long? That's a long time. And we'd look at the restaurants, we'd have to look at the hotels, for sure.

**Ramit Sethi:** [00:33:28] When you say we, you mean you?

**Rachel:** [00:33:31] Yeah, basically.

**Ramit Sethi:** [00:33:32] Okay. What else?

**Rachel:** [00:33:34] I'd worry about eating three meals out every day.

**Ramit Sethi:** [00:33:38] Why?

**Rachel:** [00:33:39] Because that adds up.

**Ramit Sethi:** [00:33:42] Okay.

**Rachel:** [00:33:45] And I'd be at the last minute ticket booth if we were going to go to a show.

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Ramit Sethi:** [00:33:48] No, Rachel. Oh, my God.

**Rachel:** [00:33:51] Yeah.

**Ramit Sethi:** [00:33:52] You're not allowed to go to the last minute ticket booth in Times Square.

**Jack:** [00:33:56] We wouldn't be down front, that's for sure.

**Ramit Sethi:** [00:33:57] No, it would not be even happening, but, Rachel, it's making me laugh so much that you would be at the last minute ticket.

**Rachel:** [00:34:05] I would.

**Jack:** [00:34:05] She talked about that this past weekend.

**Ramit Sethi:** [00:34:08] If you don't know, there's a ticket booth in Times Square that sells last minute tickets to Broadway shows for really cheap prices. Basically, the lines start super early in the morning, and people, mostly tourists, will spend hours hoping to get a discounted ticket.

What did she say?

**Jack:** [00:34:26] About, "Oh, I should go and see—"the day that I had my meeting, she's like, "I'm going to go to the last minute ticket booth and see if we can get into something tonight".

**Ramit Sethi:** [00:34:37] Hey, Rachel, I mean, there are so many funny things about this, but can I just say, maybe this will reach you, because I know me telling you, you have enough money is not going to reach you, but when you stand in that last minute ticket booth line and you take that Hamilton ticket, you know there's some mom or dad from the south side of Chicago who brought their kid there for the first time, and now, they can never see Hamilton because of you?

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Rachel:** [00:35:05] That would make me change my mind.

**Ramit Sethi:** [00:35:07] Yeah.

Everybody stop and clap for me right now. I just weaponized the Indian mom guilt trip and turned it against Rachel. This moment should go down in history books as one of the most effective money psychology strategies ever employed. Rachel doesn't care about her millions of dollars. She doesn't care about wasting hours of her limited time in New York City. But when I mentioned some poor hypothetical family that she's taking tickets away from, I think I got her.

Many things in America are catered towards people who need to save money, because they do, right? So, if you imagine in a way, when you do certain things, you're actually subsidizing other people to be able to afford things, right? That's why I'm so happy to pay my taxes. I don't have kids in this school district, but there are people who can't afford what I can, and so they get to send their kids to a great public school. So, think about all the ways that you subsidize others who are not as fortunate as you.

So much of Rachel's thinking around money is based around scarcity. This is one of the reasons that frugality can be a great skill, but at a certain level, it can become destructive. It can become selfish. If you're so focused on cutting back and saving money, you forget that you have obligations as a wealthy person. Yes, I said it. If you're wealthy, you have obligations. That Moxy Hotel that Rachel was so afraid of, guess who works there, front desk staff, doormen, bartenders, housekeeping.

All those people could have benefited from Rachel's money and tips, but to save that \$100 that she absolutely does not need to save, she skipped it. Now, what I'm doing here is nudging Rachel out of her own head and showing her that she's earned the right to be able to think beyond \$100. In fact, I would argue, it's her obligation. This is nothing new. The wealthy subsidizing others has happened for generations, for hundreds of years, and rightfully so.

In ancient Greece, arts, for example, were funded by the wealthy. Today, I pay taxes that fund neighborhood schools, even though I don't have children. Good. I can afford it.

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

Like a beginning musician, Rachel currently has a single note with money that she can play. Know what the note is? Save. Save, save, save. I need to expand her repertoire to show her that there are other notes out there, and when you play them together, it could truly sound beautiful. In fact, at her level, it's her obligation to start playing these new notes.

What's the opposite of fear?

**Rachel:** [00:38:21] Generosity.

**Ramit Sethi:** [00:38:22] Nice. So, can you just quickly play out, how would fear manifest if you were going on a trip to New York versus generosity?

**Rachel:** [00:38:32] Well, fear is what I do now. I think everything through to the point where we don't enjoy it. And if I'm being generous, even to ourselves, I would allow myself and Jack to go out and enjoy ourselves without guilt, without fear. That's generous to us, but I also don't want to be selfish with it, generous to others as well. If our friends are there, I'd love to buy the next round of drinks. It feels great.

**Ramit Sethi:** [00:39:09] Love that. You can be generous. I love that you're generous to yourself. That's a great insight. And generous to Jack. Jack came to you, he wanted to take a trip, and he actually had his work covering part of it, very generous of him to say, let's turn this into a nice leisure trip as well. Your response, what tool did you pull out of your tool belt when he came to you with generosity?

**Rachel:** [00:39:33] Fear.

**Ramit Sethi:** [00:39:34] Yeah. So, if you had met him with generosity, what might you have said to him?

**Rachel:** [00:39:41] Yeah, let's do it.

**Ramit Sethi:** [00:39:42] Mm-hmm. And push that even forward, even more generous than he was generous towards you.



**I Will Teach You To Be Rich podcast Episode 40:**

**Rachel and Jack**

**Rachel:** [00:39:47] I can't do that. Yeah. I think, well, first of all, I'd have to scrape him up off the ground.

**Ramit Sethi:** [00:39:59] It's a good thing. You've been married for so long, good to keep it fresh.

**Jack:** [00:40:05] Yeah.

**Ramit Sethi:** [00:40:05] Okay. So, you scrape him up off the ground.

**Rachel:** [00:40:07] I scrape him up off the ground.

**Ramit Sethi:** [00:40:08] He says to you, I found a hotel, it's going to be relatively modest, Moxy in the East Village, and then you say?

**Rachel:** [00:40:17] Fuck it, we're going big.

**Ramit Sethi:** [00:40:21] Keep going.

**Rachel:** [00:40:22] We're staying, I don't know the names of the fancy ones, but the Ritz, I don't know.

**Ramit Sethi:** [00:40:26] Okay. The Ritz. Great.

**Rachel:** [00:40:28] Not my stuff.

**Jack:** [00:40:28] Conrad.

**Ramit Sethi:** [00:40:30] Conrad. Okay.

**Rachel:** [00:40:30] Yeah, there you go.

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Ramit Sethi:** [00:40:31] This man knows his New York hotels. Very good. Okay. How do you think he would react to that?

**Rachel:** [00:40:38] Stunned, silence.

**Jack:** [00:40:41] I wouldn't be totally stunned. There have been rare occasions where she says, "Yeah, you know what, we've got this opportunity and let's do it". I don't know how the stars aligned or where the planets were at that time, and usually, it surrounds food and restaurants, and that's the one thing we have been generous to ourselves, is we will go to a restaurant, because we want to have really good dining experience and we always tip extremely well. We always like to take care of our servers in those situations, because we know how hard those jobs are. So, there's always been that kind of spark in her with regards to that.

**Ramit Sethi:** [00:41:28] What does it feel like when you see that spark?

**Jack:** [00:41:30] Oh, it's awesome, because I know once it's there, it's like it turns out how the trip to New York worked out, which is fabulous. We went to the bar, we had a drink at the bar, sat at our table, had a wonderful meal. It was great.

**Ramit Sethi:** [00:41:47] It's funny hearing how grateful you both are. I love it. I really like hearing how grateful you are for the simple things of being able to have a drink at a bar. I'm not hearing the two of you say anything like, I want to buy three different Ferraris, not even in the same universe. It's, I want to be able to go to a hotel, maybe the same hotel, not have to switch hotels on a three-day trip. I want to be able to get a drink at a bar, have some nice food, tip well. It's a very nice, achievable goal.

I mean, to be candid, somebody who has a 20th of what you have as net worth could do that. In other words, you have 20 times the wealth. So, to be so focused on these three-dollar questions about a hotel room and a modest hotel room, or should we take this flight or that, it almost feels like a tragedy to me, a tragedy to live a smaller life than you have to. Rachel, I know you mentioned not wanting to get older, and just realize you saved all this money and you didn't do anything with it. Has that been on your mind?

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Rachel:** [00:43:10] Absolutely. 100%.

**Ramit Sethi:** [00:43:14] When it's on your mind, do you change anything or does it just make you feel worse?

**Rachel:** [00:43:19] Both. I feel worse, and then I try to change.

**Ramit Sethi:** [00:43:22] What do you change?

**Rachel:** [00:43:23] Well, again, I'm trying to educate myself to I need to understand that it is enough. And just hearing you say that 20 times, okay, will it last us another 30 years? I need to understand that really solidly, but yeah, I mean, I'm trying to do both, acknowledge it and change.

**Ramit Sethi:** [00:43:56] Okay. Would you like me to talk to you a little bit about how long the money's going to last?

**Jack:** [00:44:00] Yeah.

**Ramit Sethi:** [00:44:02] Okay. So, currently, with the income of roughly 150K, that's more than you actually spend. It sounds like you're taking that money, you're putting it back into your investments, so you could theoretically live on less than 150. Would you agree with that, Rachel?

**Rachel:** [00:44:18] Yes.

**Ramit Sethi:** [00:44:18] Okay. This \$5 million you have, what does that number mean to you?

**Rachel:** [00:44:26] Absolutely nothing.

**Ramit Sethi:** [00:44:27] Yeah, that's right. That's right. So, to other people listening, they go, 5 million, this lady is—the Moxy-

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Rachel:** [00:44:37] She's an idiot.

**Ramit Sethi:** [00:44:38] Exactly, and you say that to yourself.

**Rachel:** [00:44:40] I know.

**Ramit Sethi:** [00:44:41] But I understand that 5 million does not hold meaning to you, and that is the crux of it.

**Rachel:** [00:44:50] Any concept.

**Ramit Sethi:** [00:44:51] It's just a number with a lot of zeros. I had this same discussion with my wife early on. We were talking about large amounts. When I see 5 million, I see something totally different than what you see. It's like if you see someone who runs, I don't know, a two-hour—I don't know how long it takes to run a marathon, but some number marathon, and I go, oh, is that long or were they driving a car? Like I have no clue. To you, it means something. To me, it means nothing.

**Rachel:** [00:45:19] Right.

**Ramit Sethi:** [00:45:20] And so, I love that you're going, hey, I'm trying to get educated about this. I want you to be educated about what that number actually means to you. So, should we talk about that?

**Rachel:** [00:45:32] Yeah.

**Ramit Sethi:** [00:45:33] Okay.

**Jack:** [00:45:33] Yes, please.

**Ramit Sethi:** [00:45:33] Alright. So, I'm going to ask a couple of questions just to understand your level of knowledge here, and then I'll tell you my thoughts on it. When you see 5 million, how do you feel about it?

## **I Will Teach You To Be Rich podcast Episode 40:**

### **Rachel and Jack**

**Rachel:** [00:45:48] My 5 million or somebody else's?

**Ramit Sethi:** [00:45:51] Yours.

**Rachel:** [00:45:54] It doesn't exist. I literally don't feel anything about it.

**Ramit Sethi:** [00:46:01] You feel nothing.

**Rachel:** [00:46:02] No, I don't feel like I can spend it, I don't feel like I can enjoy it, I don't feel like it's there.

**Ramit Sethi:** [00:46:09] Why is that?

**Rachel:** [00:46:11] Because of the way it was accumulated, just plugging it away and never looking at it.

**Ramit Sethi:** [00:46:16] How often did you review your numbers?

**Rachel:** [00:46:18] Never.

**Ramit Sethi:** [00:46:19] Like once a year or really never?

**Rachel:** [00:46:20] Oh, God, no. No. Like for a long time, never.

**Ramit Sethi:** [00:46:25] Jack, were you the one in charge?

**Jack:** [00:46:27] Oh, no.

**Ramit Sethi:** [00:46:29] What? Who did this?

**Jack:** [00:46:30] Rachel. I give 100% credit to her. She was the one who got us into this track of set it and forget it savings, but up until a couple of years ago, we probably rarely looked at it.

## **I Will Teach You To Be Rich podcast Episode 40:**

### **Rachel and Jack**

**Ramit Sethi:** [00:46:51] You guys are the best. I mean, everything you're saying is so funny, but it's funny to me, the finance guy, because all these crypto nerds online, trading, doing all this bullshit, losing all their money, but they don't even realize it, or all these people who try to flip houses and they think they're making all this profit, but they're not. And meanwhile, here's the two of you, you literally don't even check your accounts for years at a time, and then you're like, oh, babe, where's that password? Oh, shit. We have like \$4.9 million today. Oh, well, let's check it in a couple more years.

And you just could not care less. I find this so hilarious. And for all these crypto loser traders out there who think you're making money, now, you can meet a real couple and learn how multimillionaires actually make their money. The way that you two have made your money is way more common than most people believe. Way more common. You just plugged away. You were consistent. You didn't win the lottery. You didn't hit some tech IPO. You just saved and invested. You had low fees. You understand things like allocation. You use your tax-advantaged accounts like 401(k), and that's it.

**Rachel:** [00:48:03] Yeah.

**Ramit Sethi:** [00:48:04] It's just time.

**Rachel:** [00:48:04] Yeah.

**Ramit Sethi:** [00:48:06] I'll just talk math. Okay. When I look at your \$5 million, I see that you—I'm going to assume that you two are getting roughly a 7% return rate. That's, I think, conservative. I don't know what your allocation's like, but I'll just say 7%. Would you say that that's a fair assumption, generally? Jack, what do you think?

**Jack:** [00:48:27] I think so, yeah.

**Ramit Sethi:** [00:48:28] Okay. So, Rachel, did you know that answer, by the way?

**Rachel:** [00:48:33] Roughly. Very, very roughly.

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Ramit Sethi:** [00:48:36] Okay. But 7%. If I had said like 70%, what would you have said?

**Rachel:** [00:48:40] Oh, no, no, no.

**Ramit Sethi:** [00:48:41] Good. Okay. So, you're very knowledgeable. That's very impressive. So, today, you have 5 million. If you do nothing, if you stop contributing right now, and you take all that money Jack's making and all that money, Rachel, you're making from the farm, and you just spend it all, every last cent, by the time you're 60, how much do you think you have in your accounts?

**Rachel:** [00:49:06] So, we're not contributing anything.

**Ramit Sethi:** [00:49:08] Correct.

**Rachel:** [00:49:08] We're spending all of it.

**Ramit Sethi:** [00:49:10] Mm-hmm.

**Rachel:** [00:49:10] And the markets are still going down?

**Ramit Sethi:** [00:49:12] Well, we don't know what happens, but we're just going to assume 7%.

**Jack:** [00:49:15] 7%.

**Ramit Sethi:** [00:49:16] On average. Some years, it goes up. Some years, it goes down.

**Rachel:** [00:49:17] How much would we have? I don't know, 6 million.

**Ramit Sethi:** [00:49:20] 7 million. And by the time you're 65, how much would you have?

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Rachel:** [00:49:24] 7 million.

**Ramit Sethi:** [00:49:25] No, 10 million. What's that look on your face, Rachel?

**Rachel:** [00:49:30] Shock.

**Jack:** [00:49:31] Disbelief.

**Rachel:** [00:49:32] Yeah.

**Ramit Sethi:** [00:49:33] Rachel, how long did your parents live to? How old were they?

**Rachel:** [00:49:37] My dad was 80. My mom was 89.

**Ramit Sethi:** [00:49:44] Wow. Your mom was 89.

**Rachel:** [00:49:47] Yeah.

**Ramit Sethi:** [00:49:48] What's the number you think you might live to? It's a weird question, but let's just ballpark it.

**Rachel:** [00:49:53] I'm going for the high-90s.

**Jack:** [00:49:56] She's going for three digits, for sure.

**Rachel:** [00:49:58] Yeah.

**Ramit Sethi:** [00:49:59] Okay. I love that answer. I did not expect that. So, what do you want to say, 95?

**Jack:** [00:50:05] Yeah.

**Ramit Sethi:** [00:50:05] Alright. How much are you going to have then, if you contribute not a cent more from today onwards?



## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Rachel:** [00:50:10] Oh, I got to start living on that at some point.

**Ramit Sethi:** [00:50:13] Yeah. I'm sure you're going to be in real trouble with how much you need to live on. Rachel, how come—Oh, my God.

**Rachel:** [00:50:22] I don't know.

**Ramit Sethi:** [00:50:22] Your first inclination was to talk about how much you need to live on. Rachel, you own your house, you have like a 50-year-old car, it's not like you two are traveling that extravagantly. I mean, you're debating over the Moxy. Come on. Forget about how much you need to spend, how much are you going to have in that investment account by the age of 95?

**Rachel:** [00:50:39] Too much. We need to spend it down, right?

**Ramit Sethi:** [00:50:41] But how much? How much?

**Rachel:** [00:50:43] I don't know, 15. No, no, that's too much.

**Jack:** [00:50:47] No, it's not.

**Rachel:** [00:50:48] It's not?

**Ramit Sethi:** [00:50:49] Let her do it, Jack.

**Rachel:** [00:50:50] I don't know. I don't know.

**Ramit Sethi:** [00:50:52] At the age of 95.

**Rachel:** [00:50:53] 15.

**Ramit Sethi:** [00:50:54] 15 million?

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Rachel:** [00:50:55] Yeah.

**Ramit Sethi:** [00:50:55] Try 76 million. And listen, Rachel, if you make it to 100, you've got \$107 Million, but don't kick the bucket, alright? So, look at that laugh, what does it make you think as you hear these numbers?

**Rachel:** [00:51:13] That you're slightly crazy?

**Ramit Sethi:** [00:51:15] Well, I'm not crazy, I'm just doing math.

**Rachel:** [00:51:17] Seriously?

**Ramit Sethi:** [00:51:18] Yeah, I'm serious. I'm not even adding in the amounts that Jack is contributing, which is tens of thousands of dollars a year. I'm not adding in any of that. Of course, I'm not taking out what you two would take out to use. That is true. You will start extracting money from this, but at your current state, it's so modest. The point is, these numbers are almost comically large.

**Rachel:** [00:51:42] Well, that's why I'm laughing.

**Ramit Sethi:** [00:51:43] Yeah, it's almost unfathomable, right?

**Rachel:** [00:51:46] 100% unfathomable, like the same way as we got to five, it doesn't even seem like—that's crazy talk, what you're saying.

**Ramit Sethi:** [00:51:56] It accelerates faster the more you have. This is what's counterintuitive. It took you your whole lives to get to five, and then it will take you such a short amount of time to get to 10 and 20. \$20 million, that's going to happen in your lifetime.

**Rachel:** [00:52:15] No.

**Ramit Sethi:** [00:52:18] Yes. Are you prepared for that?

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Rachel:** [00:52:22] No.

**Jack:** [00:52:23] No.

**Rachel:** [00:52:24] No.

**Ramit Sethi:** [00:52:25] If you do not use your current financial state as training wheels to learn how to think about and spend money, then you will be stuck at this level forever while your portfolio grows to ungodly amounts.

That was fun to do, but it won't actually change anything for Rachel. That's because if she can't think about how large \$5 million is, she definitely can't think about what \$76 million means. Hearing the number 5 million scares her. So, if I just told her the 76-million-dollar number, you know what it does? It just causes her to burrow deeper and to avoid this, but I'm not just telling her numbers.

In fact, we've been talking about everything but numbers for this entire episode. This is where I'm starting to lay the groundwork for her to realize that her fears aren't just unfounded, they're actually absurd. So, now that I've pegged these huge numbers in the tens of millions of dollars, we can start by dealing with the relatively modest number of \$5 million. Watch how simple this starts off.

Do you like coffee?

**Rachel:** [00:53:42] Yeah.

**Rachel:** [00:53:43] Love it.

**Ramit Sethi:** [00:53:43] Can I tell you what I do with coffee?

**Rachel:** [00:53:45] Yeah.

**Ramit Sethi:** [00:53:46] So, I like coffee. I have a spreadsheet of different types of coffee that I want to try, and every week or two, I will order one coffee bean delivery that

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I know I like, and I'll order four new ones. Okay. And most of them, I don't particularly like, I take my little notes, but every month or so, I discover a new coffee that I love. And it's just like this cool adventure for me. What does it cost me, 50 bucks, 80 bucks a month? Some number that's relatively modest for me, but it gives me this feeling of adventure and I'm supporting all these local coffee bean places all around the country. And if I don't like it, that's fine, I give the beans away or whatever. What do you notice about that example?

**Rachel:** [00:54:42] That feels nice.

**Ramit Sethi:** [00:54:45] What else?

**Jack:** [00:54:45] Well, my morning coffee, that's like the best time of the day, and bring it to you, we have coffee in bed, yeah, I'd love to-

**Rachel:** [00:54:56] Step up that game.

**Jack:** [00:54:57] Yeah.

**Ramit Sethi:** [00:54:58] You see how you can add a little bit of magic to your day? It's not that expensive, but it's actually not about the money. If it costed you \$1,000 a month, it would still be worth it. Because you have a simple life, yes, I agree, you do, I'm not trying to get you to go out and party in the meatpacking, that's not what I'm trying to get, but you love coffee, how do we turn that money dial up?

**Rachel:** [00:55:23] That's exactly where I'm struggling, and I know you're looking for specificity, but it's like I haven't given it a second thought.

**Ramit Sethi:** [00:55:31] In decades.

**Rachel:** [00:55:32] Yeah, yeah.

**Ramit Sethi:** [00:55:34] Yeah. So, your entire money lens has been cost to the exclusion of excitement, novelty, generosity. And so, we're pulling out these rusty

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instruments from the closet, we're going, dust this thing off, I still think you have generosity inside of you, and adventurous, adventureness, adventure, whatever the word is, but it takes a little polishing to get it back up to speed. Would you agree?

**Rachel:** [00:56:03] Yeah. Yeah.

**Ramit Sethi:** [00:56:04] Okay. So, it's now 6:30 AM and we've already had a magical experience through these coffee beans. Beautiful. What's next?

**Rachel:** [00:56:14] I have some top-notch running gear.

**Ramit Sethi:** [00:56:17] Beautiful. Do you currently have that?

**Rachel:** [00:56:19] No.

**Ramit Sethi:** [00:56:20] Okay. Now, we're talking. What is it? What kind of shoes, shirts? Tell me.

**Rachel:** [00:56:25] All of it, the carbon-plated shoes, I'm wearing old race shirts now, I'm shopping at Tracksmith, yeah.

**Ramit Sethi:** [00:56:34] So, you have the best.

**Rachel:** [00:56:35] I've got all the gear.

**Ramit Sethi:** [00:56:36] I love that. It's meaningful to you.

**Rachel:** [00:56:39] Yeah.

**Jack:** [00:56:40] That makes her happy.

**Ramit Sethi:** [00:56:42] Beautiful. Your rich life, when you truly turn the dial on the things that matter, it should almost be incomprehensible to someone from the outside. So, I remember, I have a friend of mine who runs a lot. She and her husband are avid

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runners. One time, I went over to their house, and they have a shoe rack in front of their front door, and I was like, "Oh, who's over here?", and they were like, "What do you mean?"

And I walked in, I expected there was a party there, no, it's just the two of them, because they have like 10 different pairs of shoes. Incomprehensible to me, but runners, of course, they get it, they go, this is for that and that's for that. So, for you, it should be incomprehensible to me. Okay. Great. So, you wake up, you put on the best gear, you've got the shoes, and the shirt, and whatever type of watch, okay, you go for your run. Are you running alone?

**Rachel:** [00:57:33] With Jack.

**Ramit Sethi:** [00:57:35] Okay. Good. And are the two of you running for fun, for performance? Tell me about that.

**Rachel:** [00:57:42] If we're really doing this, we are training for one of the marathons that we can't get into, but if you go through marathon tours, it can pay to get into one.

**Ramit Sethi:** [00:57:54] Well, I mean, you can obviously afford it, but I think it's even more meaningful to earn it. How would the two of you train in a really effective way?

**Rachel:** [00:58:02] With a coach.

**Ramit Sethi:** [00:58:03] That's right. What happens at lunch?

**Rachel:** [00:58:07] Easy. At home. Healthy.

**Ramit Sethi:** [00:58:09] Cool. Whole Foods?

**Rachel:** [00:58:10] Yeah, recovery food.

**Ramit Sethi:** [00:58:12] Great. What's the rest of the day?

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**Rachel:** [00:58:14] I still see Jack—I mean, he's still enjoying what he's doing. I still see him working at the firm. I don't see giving up that part yet.

**Ramit Sethi:** [00:58:24] Great. And then, in the evening.

**Rachel:** [00:58:28] Easy dinner. Yeah.

**Ramit Sethi:** [00:58:29] Who cooks?

**Rachel:** [00:58:31] Mostly me.

**Ramit Sethi:** [00:58:33] Okay. Same thing, Whole Foods?

**Rachel:** [00:58:35] Yeah.

**Ramit Sethi:** [00:58:35] Do you love food?

**Rachel:** [00:58:37] Yeah.

**Ramit Sethi:** [00:58:38] Remember how I said I love coffee, and what did I do to make it special for me?

**Rachel:** [00:58:43] Ordering all sorts of new stuff.

**Ramit Sethi:** [00:58:45] Yeah.

**Rachel:** [00:58:46] Yeah.

**Ramit Sethi:** [00:58:46] And you mentioned you love food and you mentioned you want to be generous, can you put those two together for me and tell me how you might make dinner magical for you?

**Rachel:** [00:58:57] Have friends over.

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**Ramit Sethi:** [00:58:58] Love that. Would you cook?

**Rachel:** [00:59:01] Yeah. I'd be a little intimidated, but yeah.

**Ramit Sethi:** [00:59:03] Okay.

**Jack:** [00:59:05] She's a great cook, but she would worry about cooking for others.

**Ramit Sethi:** [00:59:09] Mm-hmm. Would you feel comfortable having somebody else cook for you?

**Rachel:** [00:59:13] I don't know. In the house?

**Ramit Sethi:** [00:59:16] Yeah.

**Rachel:** [00:59:17] It would depend on who it was.

**Ramit Sethi:** [00:59:20] Can I just tell you, when you have the kind of money you have, all these problems can disappear?

**Rachel:** [00:59:25] Why?

**Ramit Sethi:** [00:59:26] If you want them to cook in your house, they'll cook in your house. If you want them to prep somewhere else, and then just bring it over, they'll bring it over. If you don't like the person, you can hire somebody else. These are all easily solved problems. I just want to remind you, you're not 20 years old with no money, you're rich. You're really rich.

**Rachel:** [00:59:44] Yeah, then maybe they prep it and bring it in.

**Ramit Sethi:** [00:59:49] I get it. It's a little bit more modest if you can have the food—instead of a chef and his whites, I get that, it might be a little bit too much.

**Jack:** [00:59:57] Yeah.



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**Ramit Sethi:** [00:59:58] Fine. Okay. Let's just stop right here at the end of this day. I want to summarize what you told me, and then I'd like to know how it feels. You wake up in the morning, Jack brings you coffee, and he goes, babe, look at this. This one is from Arkansas. They have a really cool coffee farm there, and it's from South America and I really like it. Tell me what you think.

You go for a run. You put on the perfect shoes. You meet your coach. He or she is outside. You've got the gear. You go for a run, go to work for a little bit. And then, in the evening, the chef comes over, you want it to be home style, simple, nothing showy, healthy. He comes over, he puts it down, plates it maybe for you, but leaves the final stuff for you. Leaves. And your friends come over, you got music playing, and you serve dinner, and everybody has a nice time. How does that day feel to you?

**Rachel:** [01:00:55] That feels great and not extravagant.

**Ramit Sethi:** [01:00:58] It's not extravagant. It's okay if it's extravagant, though. What do you think the most expensive part of that day was?

**Rachel:** [01:01:04] My running shoes.

**Ramit Sethi:** [01:01:06] Yeah. Well, how much does running shoes cost?

**Rachel:** [01:01:09] Some of them are like 275.

**Ramit Sethi:** [01:01:11] Okay. Okay. You know that running shoe, in the conversation we've had today, you made that amount in interest. Did you know that?

**Rachel:** [01:01:21] No.

**Ramit Sethi:** [01:01:25] Let me say it again. I want to see your reaction. During our conversation, you have made enough money to pay for those running shoes maybe times five in interest. Do you believe me?

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**Rachel:** [01:01:41] Yeah, because you're the expert. It doesn't seem real, but yeah.

**Ramit Sethi:** [01:01:46] That's how money works. The more money you have, the more it makes. And at a certain point, it makes so much that you cannot spend it fast enough. Did you know that right now, each year, how much your investments are generating for you? Just assuming 7%, your investments will generate \$358,000 for you. How many years of income is that? Rachel?

**Rachel:** [01:02:16] Three years.

**Ramit Sethi:** [01:02:17] Mm-hmm. And in a few years, by the time you're 58, it will generate \$409,000. And by the time you are 60, \$469,000. By the time you're 70, \$923,000 per year. It goes up. By the time you're 80, because I know you're going in it for the long haul, \$1.8 million a year. That's a 7% return rate. We can cut that down. As you get older, you will become less aggressive. There are certain things called a safe withdrawal rate. These are all more technical, I'm sure you've read about it or we could talk about it later, but even at half the return, you have enough money to last you for the rest of your life and beyond. Can you say it?

**Rachel:** [01:03:07] We have enough.

**Ramit Sethi:** [01:03:09] Yeah. You have enough to not just survive, but to thrive, enough that shoes are the equivalent of a pack of gum for you. Can you internalize that? Do you remember how we felt when we were 20 when we saw a pack of gum in the grocery store checkout line? We're just like-

**Rachel:** [01:03:33] Just grab it.

**Ramit Sethi:** [01:03:33] Yeah, just like, oh, that sounds good, whatever, it's nothing. That is your 275-dollar shoes to you now.

**Rachel:** [01:03:41] That doesn't seem real.

**Jack:** [01:03:43] That's awesome.

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**Ramit Sethi:** [01:03:48] I love you two. The difference is so good. Rachel, I want you to feel that it's real. I do. It's going to take you time. It's going to take you a lot of work. But whether or not you feel it's real, it is still real. And every day you treat it like it's not real, what happens?

**Rachel:** [01:04:11] The wall between me and the acceptance of it gets higher, and that's why I made myself go to New York. I know that every time I say no, it's another brick in the wall.

**Ramit Sethi:** [01:04:23] That's right. And also, what happens to the amount of money?

**Rachel:** [01:04:29] It keeps going up.

**Ramit Sethi:** [01:04:30] It keeps going up to a point where-

**Rachel:** [01:04:30] And it's going to get harder.

**Ramit Sethi:** [01:04:32] That's right. And so, one day, imagine in the future, you're 75, you go, okay, fine, I'll spend it, and at that time, to you, like \$1,000 is a big expense. Meanwhile, you made \$1,000 in 10 minutes in interest and you spent your entire life feeling okay to spend \$1,000, but you were actually playing the tiniest game in your life.

**Rachel:** [01:05:01] And that's exactly what I don't want to do.

**Ramit Sethi:** [01:05:06] Here's a couple who's playing small and they are wealthy. For them, a 300-dollar pair of running shoes is like a pack of gum, but they don't realize it. See, they made their money, but they haven't yet adjusted their money psychology. Every so often, I get a message from someone who writes me, and they say, "I've been following you for seven years. Today's post finally convinced me to get your book, let's go", and I'm happy. I'm happy to hear that they're getting my book, but these type of messages actually make me really sad.

Think about it. This person read my email newsletter or they followed me on social for

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years. I'm sure they've seen me mention my book, my Earnable business program, my dream job program, lots of other things. I'm sure they've also seen me take these exotic trips to a tiger safari or a six-week trip to Japan, and India, and Kenya. Those are my most popular posts of all. So, finally, after all of that, they got up the courage to do something, to take some action, and they bought my book.

Again, I'm happy they did it. that's a great place to start, and I know that all of us goes on our own journey, and we only take that journey when we are ready. But the reason I'm sad is that in all that time, there were people who grew their incomes by \$100,000, people who started businesses that have generated millions, people who have invested automatically for years and years, and this person who wrote me, they built up this crescendo all to buy a 10-dollar book?

I appreciate everyone who reads it, but these messages about taking years to make a decision make me sad, because I want people to stop playing small. Making a 10-dollar decision should not take years. In fact, I have a rule called Ramit's Book-Buying Rule. If you see a book you like, just buy it, don't deliberate, don't equivocate, don't agonize, just buy it, because a single insight can change your life. I want you to spend that kind of time on the big decisions in life.

Buying a house, you thinking about doing that? Yes. You should take years running the numbers, saving up, planning for every contingency. That's worth it. But to buy a 10-dollar book, sadly, most of us spend more time deciding where we're going to order from Postmates on Friday than we do understanding our finances. One of my friends once said, get impatient with yourself.

You would never let a good friend sit around and complain about a situation for seven years, so why would you do it yourself? You want to make more money? Get Earnable. Want to find a new job? Take a dream job. You and your partner can't seem to resolve something you constantly fight about? Go see a therapist. Get aggressive, get impatient, and above all, stop thinking small.

Can you tell me about your perfect month?

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**Rachel:** [01:08:19] If it's really perfect, I'd love one of those weekends to be something where we get away somewhere.

**Ramit Sethi:** [01:08:25] Where?

**Rachel:** [01:08:27] I like kind of outdoorsy trips, a cabin somewhere, where there are cool things to do outside, good running-

**Ramit Sethi:** [01:08:37] Oh, God, you're not speaking my language at all. I don't know any of these places.

**Jack:** [01:08:40] I'm sure, I'm not.

**Ramit Sethi:** [01:08:42] Like what is the place that folks in your community talk about that's like a really cool place to go?

**Rachel:** [01:08:48] Well, I love the Pacific Northwest and doing all sorts of stuff like that.

**Ramit Sethi:** [01:08:54] So, you go there, what do you get, a cabin?

**Rachel:** [01:08:56] Yeah.

**Ramit Sethi:** [01:08:58] Okay. Tell me more.

**Jack:** [01:08:58] ... cabin, but yeah, we would find a nice place.

**Ramit Sethi:** [01:09:02] You're going to go glamping.

**Jack:** [01:09:03] A remote place.

**Rachel:** [01:09:04] Yeah.

**Jack:** [01:09:04] Yeah.

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**Ramit Sethi:** [01:09:05] Okay. Great. And how long is this trip?

**Rachel:** [01:09:09] Just a couple of nights. So, it would be like once a month, it would be great to go and do something like that.

**Ramit Sethi:** [01:09:13] And so, what happens during this trip?

**Rachel:** [01:09:18] Lots of outdoor stuff, lots of running, chilling. Hopefully, if you're in the Pacific Northwest, there are all sorts of other stuff to do, go down to Willamette Valley, wine-tasting.

**Jack:** [01:09:32] Nice. Cool.

**Rachel:** [01:09:34] Go to the river.

**Ramit Sethi:** [01:09:35] How do you make a trip like that magical?

**Rachel:** [01:09:39] By saying yes.

**Ramit Sethi:** [01:09:41] Wow, great answer, but that's a given. I already expect you're going to say yes from now on.

**Rachel:** [01:09:47] Okay.

**Ramit Sethi:** [01:09:48] Do you accept that, that you will say yes?

**Rachel:** [01:09:52] I think, as you indicated earlier, I have a lot of work that I have to do, but I'm hoping I get there.

**Ramit Sethi:** [01:09:58] You will get there. I want you to notice what just happened in that dynamic that was really interesting. So, I said, how do you make it magical, thinking that we would talk about some very memorable thing that you could weave into the trip, and maybe you'd find out that Jack's been wanting to do X, and you would arrange it secretly, and what was your answer?

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**Rachel:** [01:10:19] Just going for it.

**Ramit Sethi:** [01:10:20] Yeah.

**Rachel:** [01:10:21] Going along with it.

**Ramit Sethi:** [01:10:22] This is exactly what I was talking about a few minutes ago. When people DM me, saying, "I've been reading your free stuff for years, I finally decided to buy your book". Here, Rachel's idea of magical is just saying yes. That's how small she's been playing, that to her, saying yes is magical. No. If you have \$5 million, you can do so much than simply say yes. I'm glad that she's accepting she can do it, but I want to show her what a rich life can be, especially at her level. I asked her again, what would make it magical?

**Rachel:** [01:11:05] Having some of the planning done. He takes care of finding a great restaurant or a good winery. I know it's not your style, but maybe we're signed up for a race while we're out there.

**Ramit Sethi:** [01:11:16] Nice. Keep going.

**Rachel:** [01:11:19] Just taking care of some of those details that I tend to say no to and just doing it.

**Ramit Sethi:** [01:11:26] Okay. Do you want to ask Jack what would make it magical for him?

**Rachel:** [01:11:29] Yeah. It's always on me. What would you want to do?

**Jack:** [01:11:35] I'd want to go and stay somewhere that was super nice. Super nice.

**Rachel:** [01:11:44] What's super nice?

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**Jack:** [01:11:47] Just gorgeous location, remote, food that's brought to you, a place where you don't even have to think about it. All of the outdoor activities, for sure, because I love nothing more than starting the day with a good 10-mile run, come back, but then to come back to some place that's in a gorgeous location, where we don't have to worry about anything, even deciding that, sometimes, I don't even want to decide about restaurants, I'd like to go to a place, I hate the word, all inclusive, for the connotations that that brings, but there are places, and we've looked at them, remote places in Canada, that they specialize in just gourmet cuisine, pristine conditions, remote, outside, nature, and that would be magical for me.

**Ramit Sethi:** [01:12:50] How do you feel hearing that, Rachel?

**Rachel:** [01:12:53] We will never be able to afford it.

**Ramit Sethi:** [01:12:56] Really?

**Rachel:** [01:12:57] Yeah.

**Ramit Sethi:** [01:12:58] But you can afford it right now.

**Rachel:** [01:12:59] I know. I know. I'm working on it.

**Ramit Sethi:** [01:13:02] No, no, no, no. I'm saying you literally can afford it right now.

**Rachel:** [01:13:07] That's stunning.

**Ramit Sethi:** [01:13:09] Remember what I always say, people with problems love to talk about their problems, and here, Rachel does it in a subtle way. She goes, "Yeah, I'm working on it". This is her way of saying, I don't really want to change, I'll just keep repeating that I'm working on it, but the answer is directly in front of her face. I'm here right now showing her the numbers, telling her she's going to have tens of millions of dollars in her lifetime, yet she refuses to truly internalize this. And what does she say instead? "Yeah, I'm working on this". It is true, it takes time to change a lifetime of scarcity, but what you want to see is a little bit of acceptance of these numbers.



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I will say, this might seem frustrating to you, but it's actually one of my favorite moments, because it shows how hard it really is to change, and this is why I do what I do. I can have all the facts, I can spend hours talking to you, talking about your childhood, working through your rich life with you, but it is so hard to really accept when you've made it. I find it frustrating, and fascinating, and joyful to talk to people about this, and some of them, maybe one in 10, will truly, truly change. That's enough for me. I decided now to talk about their investments, to really hone in on this with Rachel.

You both contribute 75 to 100K per year to your investments, which is awesome. You paid off your house. Your expenses are very low. What if I told you this? What if I said there is no need to contribute to your investments anymore and you have to spend that money?

**Rachel:** [01:15:09] That almost makes it easier.

**Jack:** [01:15:11] Why?

**Rachel:** [01:15:13] I guess because we've been in this set it and forget it mode for so long, I think dialing that back makes more sense than just saying, you have all this money now, what are you going to do with it?

**Ramit Sethi:** [01:15:30] And is that because, right now, you see your investments locked up over here and your income is more fluid, it's more real?

**Rachel:** [01:15:40] Yeah.

**Ramit Sethi:** [01:15:41] Okay.

**Rachel:** [01:15:41] Yeah.

**Ramit Sethi:** [01:15:42] Okay. Jack, how would you feel about that?

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**Jack:** [01:15:45] Excited, frankly. Looking at some of those dollars, and just picking up and going to London to see a friend would be awesome.

**Ramit Sethi:** [01:15:58] Okay. I think we just had a big breakthrough. Did you both catch it? What was it, Rachel?

**Rachel:** [01:16:05] That whole heads down approach, even the money we've earned has never felt like ours. We've never spent it and we've also never turned it off, the automatic investments. And I don't feel like I have a great understanding that if we dialed it back, how that would affect things, but when you look at the way people live, they get paid, they use the money. We don't, and never have, so that's why it's really hard for me to answer like, what would you do with it? I don't know, we just send it away. It goes. So, I think maybe making an intermediate stop for it that we actually use seems more practical than looking at this big amount.

**Ramit Sethi:** [01:17:04] Yeah. I love that it seems novel to you that, hey, maybe we should actually spend some of this money that we make. Meanwhile, virtually, everyone else in America is like, let me just spend everything I make. So, you two made an amazing choice decades ago when you said we're going to aggressively save and invest, you did it and you won, but now, what we've been talking about today and what I've been kind of hunting around is, how do I get through to you that you can actually spend?

And I think I love your honesty, you just said, that doesn't feel real to me, and no matter how many times I tell you it's real, it's not going to feel real until you can start to see a change in your immediate rich life, like when you wake up and you have the best shoes. And you put them on, and I know you're going to be grateful, you're going to go, I am so glad that I can put these shoes on, and they feel so good, and that's just one little step you need to go, whoa, we did this.

We used our money and it gave me joy for the things I have. Another example that you, yourself, gave me. I tipped the barista \$20, because I can, and the smile on their face made me feel so good that I'm going to do that all the time. Just a beautiful example of how you can use money to create your rich life. So, here's my suggestion to you. I think

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the two of you should talk about some amount that's effective immediately, you should begin spending.

Now, if you are contributing \$100,000 a year, you roughly have about \$8,000 a month, I'm not saying you have to do all of that at once. I do think, eventually, you should just start spending your money, because it's actually growing faster than you could spend it right now. But let's start with the number you're comfortable with. Is there a number that the two of you would like to commit that you have to spend each month? This number would come directly from Jack's salary.

**Rachel:** [01:19:22] Have to spend?

**Ramit Sethi:** [01:19:23] Have to spend.

**Rachel:** [01:19:26] Each?

**Ramit Sethi:** [01:19:27] No, together.

**Rachel:** [01:19:28] Oh, 500.

**Ramit Sethi:** [01:19:31] No.

**Jack:** [01:19:32] What?

**Ramit Sethi:** [01:19:33] No. You're not getting out of bed for 500 bucks. You made 500 bucks in the last 15 minutes, you didn't even know it.

**Rachel:** [01:19:40] A week? 500 a week.

**Ramit Sethi:** [01:19:41] Oh, a week. 2,000 a month.

**Rachel:** [01:19:43] No, no, no, never mind.

**Ramit Sethi:** [01:19:46] Pick a number per month that the two of you have to spend.

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**Rachel:** [01:19:51] 500 is not enough?

**Ramit Sethi:** [01:19:53] No.

**Jack:** [01:19:54] Per month.

**Rachel:** [01:19:56] 1,000.

**Ramit Sethi:** [01:19:58] Don't ask as if you're looking for my approval. I want you to think about the type of life you want.

**Rachel:** [01:20:05] Oh, my God, a thousand is more than I want.

**Ramit Sethi:** [01:20:09] No, that's not true. You want the shoes, you want the coffee beans, the monthly trip. And you heard Jack, he doesn't just want to go to the cabin, he wants amazing cuisine, so \$1,000 a month is not enough.

**Rachel:** [01:20:24] Alright. Your turn.

**Ramit Sethi:** [01:20:26] Uh-uh. I want to hear from Rachel.

**Rachel:** [01:20:29] That's way too much money.

**Ramit Sethi:** [01:20:31] That's right. Now, flip it. Do it again.

**Rachel:** [01:20:35] We should enjoy it now.

**Ramit Sethi:** [01:20:36] Okay. That sounded like you're passing the salt, can you try it one more time?

**Rachel:** [01:20:40] We should enjoy it now.

## **I Will Teach You To Be Rich podcast Episode 40:**

### **Rachel and Jack**

**Ramit Sethi:** [01:20:42] There you go. What did Jack say about what he wants for his rich life? Don't you care about what he wants?

**Rachel:** [01:20:48] Yeah.

**Ramit Sethi:** [01:20:48] Yeah. And what did he say he wants at this glamping place?

**Rachel:** [01:20:51] Oh, he's way more extravagant than I am.

**Ramit Sethi:** [01:20:54] Yeah. Well, he is compared to you, but what he said sounds super reasonable to me, who has accumulated millions of dollars. He wants someone to plan it for him, both of you want that, and he wants really good food, so he doesn't have to think about it. Doesn't sound like too much to ask for for a multimillionaire. What do you want on this trip that might include your desires, as well as Jack's? We want?

**Rachel:** [01:21:22] We want to stay in a nice place, the kind of place we haven't had to think twice about moving and eat well.

**Jack:** [01:21:38] That's it?

**Rachel:** [01:21:40] Yeah.

**Ramit Sethi:** [01:21:40] You look like you're physically in pain. Why is that?

**Rachel:** [01:21:47] I've never thought about things like this. I've never planned a trip without second guessing every single thing.

**Ramit Sethi:** [01:21:58] Well, we're just being hypothetical right now, but you're going to do it for real, too. Trust me.

**Rachel:** [01:22:03] I know, and I'm going to have the same thing.

**Jack:** [01:22:06] I hope so.

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Ramit Sethi:** [01:22:06] No, no, no, no, no, no, no. You're not a prisoner to your impulses. You're not a prisoner. Your money does not control you. I haven't heard you say one thing that literally one thing that made me go, wow, that's way out there.

**Rachel:** [01:22:24] Yeah, to a fault.

**Ramit Sethi:** [01:22:24] Like I'm begging you, yeah, please say something that makes me go that's too crazy. Please tell me a restaurant you want to go to that I go, wow, that is really extravagant, that's beyond your means. You could stop thinking about practicality for the next year and you wouldn't even be close to becoming at risk of being too extravagant. You have no risk right now of being too extravagant. And if you do get close to that line, Jack's here. Jack's going to work with you. He's your partner. So, if anything, you are overdeveloped on practicality. Yeah. Yeah. So, back to the number here, what's the number that, Rachel, you think that the two of you should spend each month on a rich life?

**Rachel:** [01:23:13] \$2,000.

**Ramit Sethi:** [01:23:14] 2,000. Okay. That's better than 500. Well, that's 500 per week, okay, so we're back to the same number.

**Rachel:** [01:23:20] Yeah.

**Ramit Sethi:** [01:23:21] Uh-huh. So, all that did not change your number. Okay, Jack, what number do you have?

**Jack:** [01:23:24] If I'm being honest, the first number that popped in my head was 5,000. To do an extended weekend, I mean, that right there could easily be a couple of—it would be more than a couple of thousands. So, the one weekend alone would take the lion's share of that, so that's how I kind of came up with five.

**Ramit Sethi:** [01:23:47] Good. And the coffee, that's basically nothing, that's a rounding error, 50 bucks a week or something is irrelevant to you. And the dinner once a week, once every two weeks with friends or family, how much would that cost?

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Jack:** [01:24:03] A couple hundred.

**Ramit Sethi:** [01:24:06] Could be. Rachel, what do you think?

**Rachel:** [01:24:08] Yeah, a couple of hundred, and the weekend's what's making it expensive, everything else seems doable.

**Ramit Sethi:** [01:24:15] Well, it's all doable. I mean, none of this is—I mean, you can do this without even spending part of Jack's salary, much less touching this humongous asset you have over here. Okay. Fine. That's fine. Personally, I think if you're having a chef cook once every two weeks, it should cost more than 200 bucks, because you're going to have a chef prepare all the food and maybe even do cleanup, 500 bucks, 1000 bucks, depending on number of guests, but whatever, start at 200. Okay. Be my guest. Do it with just the two of you. I don't know. And then, you go, wow, we really like that, it would be fun to have some other friends over, let's do it again.

I get it. The chef thing can be hard for people to wrap their heads around, because it is just so extravagant in this country, so let me use a more relatable example for Rachel. Back to that hotel, but this time, we're going to use the money lens of generosity.

You're staying at a place where you're paying three or 400 bucks a night. Who's opening the door for you?

**Rachel:** [01:25:24] The guy I'm tipping.

**Ramit Sethi:** [01:25:25] How much are you tipping him?

**Rachel:** [01:25:27] A lot.

**Ramit Sethi:** [01:25:27] Like how much?

**Rachel:** [01:25:29] 20 bucks.

## I Will Teach You To Be Rich podcast Episode 40:

### Rachel and Jack

**Ramit Sethi:** [01:25:29] Nice. Nice. Love it. And the lady at the reception desk, how much does she make?

**Rachel:** [01:25:37] I don't know.

**Ramit Sethi:** [01:25:38] Not enough.

**Rachel:** [01:25:39] More than minimum wage.

**Ramit Sethi:** [01:25:41] Yeah, but she lives in New York. And then, the guy who's cleaning the hallways, he doesn't make enough. The bartender, I mean, all these folks, right? And you and Jack have saved, you won, you won the game, and now, you actually get the chance to be incredibly generous. This is a different way to look at your spending. This isn't going to change everything overnight. You two have the ability to be extremely generous and use your money as force multipliers.

I can't wait to hear how your future discussions go with your rich life, but if I had to sum it all up, you have enough, you two have done an amazing job with your finances, you are the poster children for successful investing in America, and now, you have a huge rich life ahead of you. It's not about scarcity. It's about turning the page, and saying, we did it, we won the race, what do we get to do now?

**Jack:** [01:26:46] How exciting is that?

**Ramit Sethi:** [01:26:49] Yeah.

You might be surprised to know that even though Rachel and Jack are multimillionaires, they have something in common with virtually every American. They have never connected their money to their rich life. Most people think of money as a leash around their neck. It's a restriction. It's the reason they can't buy a car, or eat out, or afford a house. Money is frustration. Money is guilt. Money is scarcity and it's shame.

A smaller number of people think of money as numbers in some spreadsheet, but almost nobody can truly connect their money to their rich life vision. How could they?



## **I Will Teach You To Be Rich podcast Episode 40:**

### **Rachel and Jack**

They don't even know what their rich life is. A true I Will Teach You To Be Rich reader knows how much they earn, how much they're investing each month, and exactly when they will be debt-free, or when they'll have \$500,000 or \$1,000,000.

They also know that if they make this choice over here, they can take that rich life trip to Italy and drink wine watching the sunset in Rome in exactly two years. You see, they understand how money is connected to their rich life. This could be challenging. Take me, a guy who doesn't really cook, if you gave me an exact recipe to make a risotto, I might be able to follow it, but if I said, how do I make it thicker? I would have no idea how the amount of water relates to the thickness of the risotto. I don't even know if this stupid example makes any sense. Chefs of the world, do not write me, it's just an example.

Rachel and Jack have millions, but they have never turned the page on their money psychology. In fact, money didn't actually seem real to Rachael. That's because she had never used it to fuel her rich life. In fact, she had never even thought about what her rich life was. Guys, saving and investing is great, but if you wait until later in life to learn the skills of spending, it is very difficult, for most people, impossible. I hope you appreciate them sharing their story, because it's almost unheard of to hear multimillionaires talk this openly. You will only hear it on this podcast.

I did receive a follow-up letter from Rachel and Jack. You can go to [iwt.com/followups](http://iwt.com/followups) to read the full letter, but let me excerpt a little of what Rachel wrote me. She said, "You were probably able to tell that I'm not a huge shopper, but I am excited about some of the small changes we are making. We both love coffee and our first purchase is going to be good quality coffee maker to replace our current garbage. We will be buying coffee from a local shop that donates 100% of their net profits to great causes.

I can get behind spending \$15 a pound on coffee as I believe they're doing good things with their money. I'm going to get a new iPhone, I still have a 6S, please stop laughing. I feel like I am ready to flip the switch and start enjoying the fact that we have managed to get ourselves to this place. So, again, thank you." You can go to [iwt.com/followups](http://iwt.com/followups) to read the full letter. And do me a favor, please leave a written review on Apple Podcasts. It helps me a lot. Thanks for listening. I'm Ramit Sethi, and this is I Will Teach You To

**I Will Teach You To Be Rich podcast Episode 40:**

**Rachel and Jack**

Be Rich. I will see you next week.

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. You can find some of my best advice on money, psychology, business, and careers at [iwt.com](http://iwt.com), sign up for my newsletter there.