

Episode 2. Ashley and Greg

Ashley: [00:00:04] It's annoying, how much money do you make an hour and how much time are you spending trying to save two dollars? Doesn't make sense. And it's annoying when we go out for dinner, you're like, I want this thing, but I'm going to get this thing, because it's \$5 different. In a 150-dollar bill, who cares? He's cheap.

Ramit Sethi: [00:00:22] My guests today are Ashley and Greg, and they have a household income of over \$250,000, and a substantial net worth, but what happens when only one person in a relationship wants to spend money and the other is an aggressive or even obsessive saver? Would your family say that you are cheap?

Ashley: [00:00:50] Yes.

Greg: [00:00:52] Yeah.

Ramit Sethi: [00:00:54] What about friends?

Ashley: [00:00:55] Yes.

Greg: [00:00:57] Some. I don't think all of them.

Ashley: [00:00:59] Yeah.

Ramit Sethi: [00:00:59] You want to know something, you're cheap. If your friends and family would say it, you are cheap. It's one thing to be careful with your money, but being cheap is totally different. It puts a strain on relationships. It shapes and changes your identity. And you end up hoarding money with no purpose, whatsoever.

Ashley: [00:01:27] Why do you return all my gifts that I buy you, because you don't want me to spend money?

Greg: [00:01:33] I don't like the gifts.

Ramit Sethi: [00:01:35] And the real issue that we're going to discuss today is not about money, it's much deeper, and we're going to figure out what's going on here. You two want to ask each other anything or share how you're feeling?

Greg: [00:01:51] No.

Ramit Sethi: [00:01:54] Today's couple is Ashley and Greg. Ashley reached out to me, because there's a serious problem in their relationship, the way that they view their finances is creating a rift between them and it's threatening to tear them apart.

Ashley: [00:02:10] There has been times where our friends want to go out for dinner, and we don't go, and then we stop getting invited, or like we're particular about like where we want to go, they'll pick expensive places, and we say, okay, pick something cheaper. And then, I feel like it's just a problem for them.

Ramit Sethi: [00:02:27] You think you are cheapskates?

Ashley: [00:02:29] There are some things that I'm willing to spend money on, but not Greg. He's a cheapskate.

Ramit Sethi: [00:02:35] Okay. First of all, when you ask people if they're cheap, they will never, ever admit it. But usually, in the next sentence, they'll tell you everything you need to know. Oh, no, no, no, I'm not cheap, I just prefer to find old food outside the back of a dumpster, because it's a great value, but no, no, I'm not cheap. In this case, notice the deflection that Ashley employs, she immediately pawns off the cheapness onto Greg. Let's listen to what he says. Greg, is that true?

Greg: [00:03:11] I don't put a lot of value on material things.

Ramit Sethi: [00:03:14] So, neither of you will admit that you're cheapskates, except one of you just threw the other under the bus.

Ramit Sethi: [00:03:20] I just want to get their income and savings out of the way, because a lot of people believe that, oh, they're cheap, because they don't have a lot of

money. And it turns out that cheap and net worth are not correlated, whatsoever. Listen to their numbers.

Ashley: [00:03:37] Together, we make about 240 now, plus bonuses, so let's say 270. We have our house and we have a rental property, and the equity between those two are almost a million dollars. And then, with our savings, we have about 500,000.

Ramit Sethi: [00:03:56] Great. Any other big financial items that I should know about?

Ashley: [00:04:00] I have a diamond ring. I don't know how much it's worth, but it's two carats.

Ramit Sethi: [00:04:04] Whoa. Oh, that sounds cool. Congratulations.

Ashley: [00:04:09] Thanks.

Ramit Sethi: [00:04:10] How long have you been married?

Ashley: [00:04:11] Five-and-a-half years.

Ramit Sethi: [00:04:12] How much is your total housing expense per month?

Ashley: [00:04:16] We're paying it off quicker than we need to, so I think like all of our expenses for the whole year is about 46,000.

Ramit Sethi: [00:04:24] 46K for the entire year of all expenses?

Ashley: [00:04:28] Oh, just house. You want to know food, too?

Ramit Sethi: [00:04:30] Oh, no, that's fine. I'm going to guess that your food expenses are relatively inexpensive. Would that be accurate?

Ashley: [00:04:37] Oh, no. We spend a lot of money on food, like 25,000 last year.

Ramit Sethi: [00:04:41] Okay. Tell me about that.

Ashley: [00:04:44] We're very health-conscious, so we spend a lot of money on grass-fed, pasture-raised meats, wild fish, organic food like Whole Foods, high-quality coffee. And yeah, I don't really know how we spend that much money. We try to spend less, but it's not really working out for us.

Ramit Sethi: [00:05:03] Why do you try to spend less?

Ashley: [00:05:06] Because who wants to spend that much on food. I'd rather spend that going out with people or maybe like some clothes.

Greg: [00:05:12] I think you hear people like spending 4 to \$600 on groceries a month, and we're like, we're at 2,000, and we question how we're at 2,000 when families of four spend like 1,000, and the two of us alone spend two grand. So, that's why we try to rein it in, and it's pretty ridiculous that we are as high as we are, even though we're being conscious of it.

Ramit Sethi: [00:05:35] If you wanted to rein it in, do you think that you could?

Ashley: [00:05:38] No.

Greg: [00:05:39] We literally cut out like fresh berries, because berries, like you either don't eat them, or they go bad, or they're expensive to start. Again, we're going to buy organic berries, so you're already paying a premium for it.

Ramit Sethi: [00:05:51] Okay. There's something going on here. They have a high income, about \$270,000 a year and a net worth of over a million bucks, their friends think they're cheap, but they feel guilty about spending on organic berries. And what's even odder is they don't seem to think they have any control in this situation. Their 25,000-dollar food bill is a total mystery to them. I'm going to dig deeper on this.

Ashley: [00:06:21] I started ordering meat directly from the farmer instead of a middle man. I think that's helped a little bit, but not really. And then, we buy what we can at Costco, because that's substantially cheaper. But otherwise, like I would like to shop at the farmer's market, but Greg's too cheap and won't let me.

Ramit Sethi: [00:06:41] Did you hear that? Greg won't let me. Ashley feels restricted, and that's a recipe for resentment, but I'm not sure I buy it. Sometimes, feelings do not accurately reflect reality. What confuses me is why they both want to cut back on their spending. You've heard of the phrase comparing yourself to the Joneses?

Ashley: [00:07:06] Mm-hmm.

Ramit Sethi: [00:07:07] You are comparing yourself to the Joneses, only to spend less. Neither of you actually seem to believe that you can cut that down.

Ashley: [00:07:15] We're not going to start eating sick meat, like we're not going to sacrifice quality.

Ramit Sethi: [00:07:21] That's what gets you cheaper food.

Ashley: [00:07:24] Yeah. So, that's not what we're willing to do. That's important to us.

Ramit Sethi: [00:07:29] So, I'm just so confused here, because if you want to cut back on this cost, you can, but you are clearly unwilling to shop at cheaper places. You're shopping at literally the most expensive places, farmer's markets, direct from farmers. You're buying fruit and meat, and these are expensive foods. And then, you're buying the best of the best. Let's get real. If you want to cut your spending down by half on food, it's very easy. You're just going to go shop at Safeway. Really simple. Do you guys think you could do that if you had to?

Ashley: [00:08:07] If we lost our jobs or something, we wouldn't really have a choice, but with our incomes, I'm not willing to sacrifice the quality.

Ramit Sethi: [00:08:15] Okay. I love hearing you say that. Greg, do you agree with that?

Greg: [00:08:18] Yeah.

Ramit Sethi: [00:08:19] Then, why do you both torture yourselves at how much it costs?

Ashley: [00:08:23] Because I feel bad spending so much money on food. I come from like a scarcity mindset, because growing up, my mom didn't have a lot of money, and she was always shopping like canned foods, and shake and bake, and stuff, so I think if she could spend so little, I should, too.

Ramit Sethi: [00:08:41] Ding, ding, ding. We're onto something here. Any time someone is able to connect their childhood messages that they received with today's spending behavior, well, you know you're onto something. These are what I call invisible scripts. They are beliefs we have that are held so deeply that we don't even realize they're there. They are effectively invisible beliefs to us. And these invisible scripts guide our lives. Let's keep listening and see what else we can find out here. How much did your mom make growing up?

Ashley: [00:09:15] Oh, like nothing. I don't even know.

Ramit Sethi: [00:09:18] And how much do you make per year?

Ashley: [00:09:19] Like 90,000.

Ramit Sethi: [00:09:21] So, let me ask the question that we're all wondering, do you think you should live differently than your mom if you make \$90,000 a year?

Ashley: [00:09:32] I don't know. I think I should save more money.

Ramit Sethi: [00:09:36] Let me try to ask that question again. Do you think you should live differently than your mom if you make \$90,000 a year?

Ashley: [00:09:43] Yes.

Ramit Sethi: [00:09:45] How?

Ashley: [00:09:46] Because I have more money to spend.

Ramit Sethi: [00:09:49] So, how would you live differently than your mom if you had a blank slate?

Ashley: [00:09:54] What do you really want to do in life, so prioritize where you want to spend your money.

Ramit Sethi: [00:09:59] It sounds so logical coming from you. Why is that?

Ashley: [00:10:04] I guess that's what we do now. We just think we should save so much.

Ramit Sethi: [00:10:10] Why do you say, we really should cut down and we've tried to cut it down? What's the truth?

Ashley: [00:10:15] I guess we can, we just choose not to.

Greg: [00:10:19] Yeah.

Ramit Sethi: [00:10:20] Have you both ever looked at each other in the eye, and said, we shouldn't try to spend less on this, it's important to both of us?

Ashley: [00:10:30] No.

Ramit Sethi: [00:10:30] A lot of times, when people hear the phrase, I Will Teach You To Be Rich, they think it's simply about how to make more money. Yes, of course, I can show you how to make a lot more money, we do that on our website and in our programs, but there's a reason it's called I Will Teach You to Be Rich. A rich life is about more than accumulating money. So many people build the skills of getting wealthy, but they never build the skills of knowing how to actually spend that money.

Ramit Sethi: [00:11:01] In other words, everyone talks about how to save, but very, very few teach how to spend it. I don't think there's any glory in continuing to use the same strategies that worked for you at 21, when you didn't have any money and you needed to save, as to when you've been very fortunate, very lucky, very successful. In fact, I

consider it a tragedy to live a smaller life than you have to. So, I want to turn this around for Greg and Ashley, and I think I'm going to have to do a little bit of work on altering their perspective of money and spending.

Greg: [00:11:40] I think we just have to accept that that's what it costs to live with our food diet, restrictive requirements, the way it is today.

Ramit Sethi: [00:11:49] Yes, that's good. I agree with that. But the way you talk about it is really puzzling to me. Oh, we have to accept that we only get to eat grass-fed meat and farmer's market fresh produce. Oh, my life is so horrible. It's a restriction, guys. Let's try it another way, Greg. Rephrase it for us. Say it to your wife.

Greg: [00:12:14] We have set a priority on the quality of food, the importance of health in our diets and our day to day, and given how important it is, we are committing to invest in ourselves and spend what we spend on our monthly food budget.

Ramit Sethi: [00:12:34] Part of a rich life is getting crystal clear on where you want to spend your money. Ashley and Greg know what they value, but you can hear it in the language that they use, they feel guilty about it. So, what I just did there was to get them to totally reframe how they think about spending money. I want to take them from playing defense to playing offense. Try it for yourself. If you want to buy a 1,000-dollar coat and you can afford it, great.

Ramit Sethi: [00:13:03] If you want front-row tickets to a Cher concert or you want to go to a Star Wars Land at Disneyland, great. My dream for every one of you is to design your rich life, and then live it. No apologies, no guilt. So, let's talk a little bit about where these money beliefs come from. I have to tell you that I can't fix cheap. I can fix a lot of money problems. I can help people with a lot of money opportunities, but I cannot fix cheap. Cheap is deep-rooted. It's really psychological. And most of all, cheap people don't really believe they have a problem, so they will not do anything to change. Do you think you're cheap?

Ashley: [00:13:59] To an extent. I don't think I am as bad as Greg.

Ramit Sethi: [00:14:02] That's the second time I noticed you deflected to Greg. Let's stay on you.

Ashley: [00:14:07] I don't think I am that cheap like to an extent. It depends if I place value on something, then I'll spend money on it. Like I'm happy to spend \$600 on a hotel, but I'm not going to spend 20 dollars on a cheap T-shirt.

Ramit Sethi: [00:14:23] Greg, are you cheap?

Greg: [00:14:24] I just don't put a lot of value on material things.

Ashley: [00:14:27] But he doesn't want to even buy a winter coat, and we live in Canada.

Greg: [00:14:33] I don't want to buy 1,000-dollar winter coat, which is stupid, when there is much more affordable option. I don't need to be in with a crowd with a 1,000 or 1,200-dollar jacket.

Ramit Sethi: [00:14:49] Did you catch what Greg just did? This is a really common technique that people use to justify not spending money on anything, especially people who are cheap. What they'll do is they'll instantly jump to an example that seems highly expensive or frivolous to escape the real question. Listen to how Greg does it. I don't need to buy a 1,000-dollar jacket. Now, I know in polite conversation, most people would drop it right there, but they came on my show. I hear you, Greg. Not everybody wants a jacket of a certain brand, or style, or cost. I hear you on that. But there are lots of other things to spend money on besides material goods. Do you ever think about those?

Greg: [00:15:37] Yeah, like we spend money on experiences. We budget all of our expenses for the year in advance, meaning we have a restaurant budget for the year. Problems begin, I think, is that we say at the beginning of the year, hey, actually, we spent \$3,000 on going out to dinner, this year, we're going to budget \$3,000. And so, like we're in these boxes out of the gate that we feel like we need to stay within that box and stick to that spending that we've set out for ourselves.

Ashley: [00:16:06] Otherwise, we overspend by the end of the year.

Ramit Sethi: [00:16:09] So, let's talk a little bit about, what are some of the ramifications? Would your family say that you are cheap?

Ashley: [00:16:20] Yes.

Greg: [00:16:21] Yeah.

Ramit Sethi: [00:16:23] What about friends?

Ashley: [00:16:24] Yes.

Greg: [00:16:26] Some. I don't think all of them.

Ashley: [00:16:28] Yeah.

Ramit Sethi: [00:16:28] You want to know something? You're cheap. If your friends and family would say it, you are cheap.

Ashley: [00:16:38] But like they say it, and they're like, oh, we wish we had as much money saved and had such a good financial position like you. So, I have friends who like to buy Louis Vuitton purses every three months, and I would never do that, I just go to the store with them.

Ramit Sethi: [00:16:56] Ashley has her own defensive strategy against being called cheap. In this case, she's pulled out the old technique of picking something really expensive, like, say, a 1,200-dollar jacket or a Louis Vuitton purse, and then she's thrown in some moral superiority. Yeah, they say it, but then they wish they had as much money saved as we do. The fascinating thing about these techniques is they're not even aware that they're using them. Listen.

Ashley: [00:17:28] I'm different from them.

Ramit Sethi: [00:17:31] And that makes you feel what?

Ashley: [00:17:35] Smarter with my money.

Ramit Sethi: [00:17:37] I notice that you conflated being cheap with being good with your money. Do you think that there's a way to be good with money without being cheap?

Ashley: [00:17:47] I don't know, because if we weren't this cheap, we would have never made this much or had this much money to invest, and we wouldn't be in our financial situation, where we can retire at 50. You'll have so much money, either you save it or you spend it.

Ramit Sethi: [00:18:01] What are some of the things that have caused your friends to joke about you being cheap or even call you cheap?

Ashley: [00:18:10] We don't really have furniture.

Greg: [00:18:12] Like we don't have 1,000-dollar like recliner chairs, and loads of mixed snacks in our house. We don't decorate the house. So, friends might come over after us having lived here for five years and the house looks the same as it did five years ago, because we don't just go spend \$1,800 in a rug and \$1,200 on a coffee table.

Ramit Sethi: [00:18:34] Again, they use expensive items like an 1,800-dollar rug to justify being called cheap. What if it was just 100-dollar rug? They're setting the bar super high, and then using that bar to justify being cheap, and they do it all the time.

Greg: [00:18:53] Wanted to buy a 12 or 15,000-dollar snow blower for my parents, like we don't budget \$750 for us to split a 1,500-dollar snow blower. That's an unexpected cost that we haven't budgeted for. We don't have that much just sitting around. So, the perception is that you're cheap, because you can't afford to contribute to this gift.

Ashley: [00:19:15] And people like make comments like, oh, you guys can go out and spend \$20,000 a year on vacations, but you don't want to go out for dinner and stuff, but it's like that's what we choose to do.

Greg: [00:19:26] There's been people who have planned like a bachelorette party and expected everyone to contribute \$600 without even having a discussion with anyone. Once again, we didn't have \$600 budgeted for a two nights' stay somewhere that was fancy that someone else had full control and spoken for everyone's financial position without reaching out first, to say, hey, is everyone okay with spending as much?

Ashley: [00:19:52] There's one couple that she always picked very expensive restaurants, and I've always had to ask her not to, so now, she just doesn't make plans with us anymore.

Ramit Sethi: [00:20:01] And does it concern you or no?

Ashley: [00:20:03] Like I don't know if I really care to hang out with them, but you really need to go and spend \$400 on dinner, you can't spend like 150 and still have a good time?

Ramit Sethi: [00:20:16] There's that defense game again, but that's all this is, a defense mechanism. These aren't really genuine answers that solve the problem we're talking about. You two are the ones who called me, not your friends.

Greg: [00:20:28] My friends call me cheap, but I'm not upset about that, because I think my friends are reckless with their money.

Ramit Sethi: [00:20:33] You guys have very good answers for everything. There's only one problem. You are still cheap. Have you noticed it? You have answers for everything? Are you cheap? No, I actually prefer spending on this and that, and I pay for value. Do your friends and family call you cheap? Yes, they do. Why? It's because they want me to buy a new 10,000-dollar furniture all the time, and they expect me to fly to Vegas, and do all this.

Ramit Sethi: [00:20:55] You have great reasons. All those things are totally true. Could you cut back on your spending on food if you really needed to? No, we prioritize health. And then, finally, well, we've built our entire lives around this one moment at 52, but actually, we don't want to retire. And Greg, I know Greg is not going to want to retire,

because there's no way he'll give up the income and he has, the only goal in life right now is prioritizing towards a goal.

Greg: [00:21:20] Like you can't say I'm cheap when I spend \$20,000 on vacations a year or that I spend \$24,000 on groceries.

Ramit Sethi: [00:21:27] That's fair. That's a really fair comment. What I don't love is the hyper focus on cost for everything else. Greg, you make \$270,000 a year and you drive to different stores to find cheaper blueberries.

Greg: [00:21:44] Listen, I'm not going at—I didn't say those things. My wife said those things.

Ashley: [00:21:48] You do that.

Greg: [00:21:49] Am I jumping in the car and going out of my way? No. I don't know why you're shaking your head. No, it's not true.

Ramit Sethi: [00:21:57] So, does it bug you, Ashley, or is it funny? What is it?

Ashley: [00:22:01] No, it bothers me. Like it's annoying. How much money do you make an hour and how much time are you spending trying to save two dollars? Doesn't make sense. And it's annoying when we go out for dinner, you're like, I want this thing, but I'm going to get this thing, because it's \$5 different. At 150-dollar bill, who cares? He's cheap. Like his comments are annoying, too.

Ramit Sethi: [00:22:22] When you're at a restaurant, you'll make these comments that annoys Ashley. And so, that does generate an argument. So, what do you get out of that?

Greg: [00:22:32] Out of the comments I make at the restaurant?

Ramit Sethi: [00:22:35] Yes, where you say I want this, but I'm going to get this, because it's cheaper. What does it get you?

Greg: [00:22:40] It saves me a few bucks.

Ramit Sethi: [00:22:45] What I'm doing here is I'm really looking for Greg to go beyond the obvious answer. See, most of us get something out of our behavior, even if it's not obvious. For example, if we complain about how tired we are, we get attention and sympathy from the people around us, so we keep doing it. Now, when you point this out to people, it's a really hard concept to acknowledge, because deep down, most of us believe we are logical and rational. And so, it can seem dumb or even scary that we might not be consciously aware of our behavior. Listen to Greg trying to grapple with this.

Ramit Sethi: [00:23:26] When you say that out loud, what does it do for you?

Greg: [00:23:31] It doesn't do anything.

Ramit Sethi: [00:23:32] Well, it does something, otherwise you wouldn't do it. We do things because it rewards us. Ashley eats tahini, because it tastes good and it makes her happy. You drive around town, because you get something out of saving money, as you've just told us. It allows you to avoid the next argument about being overspent on groceries. Fine, I accept that. But I don't understand when you're at a restaurant, and it's one thing if you want the steak, but you say, I'm going to get the chicken, because it's cheaper, to yourself. But you say it out loud, what does it get for you?

Greg: [00:24:07] I don't think I say it out loud, I might mention it after like the restaurant. Like I also know what it costs, like a meal costs, am I going to go to a restaurant and spend \$2,400 on a salad? Like it is beyond ridiculous what the markup on a salad is.

Ramit Sethi: [00:24:22] I don't need a lecture on food costs. Just tell me what it gets you.

Greg: [00:24:26] I wouldn't sit at a dinner, and say, oh, I'm not going to get this openly in front of her. I might just get the other option. Exactly as you said, in my head, I'll say, this is a better choice for me for a variety of reasons. I can assure you, I'm not sitting at a dinner dining room table saying, let me see how I can save \$3 today just to get a reaction out of her. Like I'm absolutely certain it doesn't happen.

Ramit Sethi: [00:24:49] Interesting. So, why do you think Ashley disagrees?

Greg: [00:24:54] Here's where it may be. There's a difference. If we're going to go out and get an afternoon meal, like a quick lunch, and she's going to go and get a, whatever, 20-dollar meal, because that's what it costs to sit down for lunch, I might sit there, and say, do I really want to spend \$18 on a burger with cheese and mushrooms, or I'm going to be happy with a burger at \$14 that doesn't have the fixings? So, that's a more realistic example of it. I've never been in a situation where we go out to dinner, and I say, I can't believe that was \$120 for two-and-a-half hours of entertainment.

Ashley: [00:25:27] Yeah, there's been situations where I like to go for brunch, and he's like, why are we going to spend \$50 on a brunch when we can go out for dinner instead? I don't understand what the point of saving money on this is. Even though I like the act of going out for brunch, I don't even want to ask him, because he's going to make comments, so I just rather not.

Ramit Sethi: [00:25:45] I believe him. Sounds like Greg is telling the truth. He never made those comments out loud, because he never had to. Ashley predicted them and responded before they actually ever happened. What do you think the cost of all of this is? I'm not talking about the financial cost, but the fact that Ashley does not want to bring certain things up with you, because of how she believes you will react. What do you think the cost of that is?

Greg: [00:26:16] Yeah, it's discontent, and I feel like we probably are against each other, if that's the feeling.

Ramit Sethi: [00:26:21] Yeah. And what happens after 20 years of that?

Greg: [00:26:24] We don't get to retire together.

Ramit Sethi: [00:26:26] Yeah, exactly. That's really savvy of you to say. I think I speak to a lot of couples, and many of them call me and they have problems, and when I ask them about it, they minimize it. They actually come on here, and I say, tell me about it.

And they go, it's actually not that big of a deal. And then, they proceed to tell me some minor little thing. And I say, what do you think happens after 20 years of that?

Ramit Sethi: [00:26:48] And it strikes them, oh, my God, this is exactly what people mean when they say we got divorced because of money. It's not some big financial infidelity thing in most cases. It's something that started in their 30s. Just a little habit, a little phrase that one or two of them used, a different way of looking at the world with money, a different way of ordering your meal, and it compounds.

Ramit Sethi: [00:27:20] And suddenly, Greg, you're doing your thing. You have your values, the way you look at the world, your world view. Ashley has hers and they diverge one degree by one degree. And as your income goes up, they diverge more and more. And the only clue you have about it is the small little fights. What do you think Ashley is responding to when you don't order the wine or you don't order a certain X, Y, Z?

Greg: [00:27:52] Her preconceived notion that I'm not doing it to save money.

Ramit Sethi: [00:27:57] Yeah. And I would say there's probably some cause for her to believe that, because you have brought money up many times, you drive around town, it's like a thing, but what do you think she is feeling uncomfortable about?

Greg: [00:28:12] She's feeling uncomfortable that if she spends it, I'll be judging.

Ramit Sethi: [00:28:16] I think that's probably true. Why don't you ask her?

Greg: [00:28:20] Why are you uncomfortable about me not wanting to participate in all these?

Ashley: [00:28:24] Because like I think you don't even want to be there because it's costing you money and you'd rather just be at home. Like the whole point is to spend time together, is what I told you before, it's not about the shoe.

Ramit Sethi: [00:28:36] Yeah. How are you feeling right now, Greg?

Greg: [00:28:38] Disappointed that this was that important to her and we didn't go.

Ramit Sethi: [00:28:43] Nice. Alright. This is a really important moment. We hear Greg acknowledging that he's disappointed, because he cares about Ashley and he understands how his behavior has unintentionally upset her. This is a huge clue to the success of their relationship. Oftentimes in these conversations, I'm looking for clues as to what's going on with the financial question, but you can just as well hear the clues about the strength of their relationship, and this is a really positive one. Okay. Let me give you a suggestion on what to ask. Would that be okay?

Greg: [00:29:21] Sure.

Ramit Sethi: [00:29:23] Ask her, if we went to brunch together, what would it mean to you to? And really dig into there, which whatever she tells you, double down, ask her for more, really get into her vision. Alright. Go ahead.

Greg: [00:29:42] If we went for brunch, what would that experience mean to you?

Ashley: [00:29:46] That we get to connect on a deeper level, and day to day just tucked in the kitchen won't make me feel closer to you?

Greg: [00:29:55] What can I do to replicate that experience for you, whether it's a brunch or elsewhere?

Ashley: [00:30:02] When I ask you to go out, and you think, don't be like, no, because it's as much money, and I'd rather do this with this money. If I'm asking you to do something, it's because I want to do it. It's not just something to do, to spend time together.

Ramit Sethi: [00:30:17] Ask her again, Greg. You asked a great question. She was a little irritated in her answer. But you really want to know the answer to your question. So, say, I totally understand that. I hope you don't mind if I ask you again, because I really want to know what's on your mind. And then, ask her again.

Greg: [00:30:35] What you said if you don't mind.

Ashley: [00:30:38] I am irritated.

Greg: [00:30:40] What can I do to make sure that you get that brunch experience or what can I do for you to replicate those feelings that you get during?

Ashley: [00:30:51] Like go out more. Like when I asked you to plan it, so we can spend time together. So, when I asked you to go out, I don't want you to say no, I don't want to, because of money or whatever.

Ramit Sethi: [00:31:04] Ashely, tell him what you do want. Avoid telling him what you don't want. He's looking for guidance, so help him.

Ashley: [00:31:12] I want you to say yes when I ask you to go out, and I want you to ask me to go out sometimes. And I want to spend time together outside of the house. And I want you to be okay with spending more money and doing things together.

Ramit Sethi: [00:31:30] Greg, don't feel pressured into it just because she's saying that's what she wants. Now, if you agree or disagree, talk about it. This is your opportunity both to negotiate these things. Go ahead.

Greg: [00:31:42] Money is not an issue when we go out for restaurants, because it's part of the same going-out restaurant budget.

Ashley: [00:31:47] But how come, sometimes, for a birthday plan, to do stuff for you, and then you tell me to cancel all of it, because you don't want to spend money. And why do you return all my gifts that I buy you, because you don't want me to spend money?

Greg: [00:32:00] I don't like the gifts.

Ramit Sethi: [00:32:02] Wait. Hold on a second. Ashley just dropped a major bombshell and Greg just swatted it away. Did he not catch what just happened? Greg, how do you think she just took what you said to her?

Greg: [00:32:18] I'm difficult to buy for, because I don't have a lot of needs.

Ramit Sethi: [00:32:21] I'm not interested in that. How do you think she just-.

Greg: [00:32:24] She feels hurt that I don't accept her gifts.

Ramit Sethi: [00:32:27] When somebody gives you a gift, especially your wife, what is another approach you might be able to take?

Greg: [00:32:33] Quite honestly, it's probably just explaining that there is something else that I had my heart set on or something else I had my eye on, and if we don't mind switching it for that instead.

Ramit Sethi: [00:32:42] That's definitely one option. That is code for that's one of the worst possible answers on Earth. Give me another option.

Greg: [00:32:54] Tell her I love it.

Ashley: [00:32:55] I don't even bother putting effort into getting you gifts anymore, because you're going to return it anyway.

Ramit Sethi: [00:33:01] Greg, do you see what's going on here? This is the beginning of checking out. It's not just brunch, it's not just travel, it's not just gifts. Did you hear what she just said? Say it back to us.

Ashley: [00:33:16] I don't put effort into buying you gifts anymore, because I know you're just going to return it.

Ramit Sethi: [00:33:22] Greg, you both have some real serious things here. They are really underneath the surface, and every individual item to you, whether it's the drinks, or the grass-fed beef, or the blueberries, or any of the examples we've talked about, you have an individual reason for everything, but Ashley, when you said you've created an environment, to me, that is as level 10 red alert as it gets. That is really dangerous. A negative environment is toxic. It causes people to check out. It causes people to just

stop caring. And once that happens, you cannot get them back. Do you two want to ask each other anything or share how you're feeling?

Greg: [00:34:11] No.

Ramit Sethi: [00:34:14] Okay. That's fair enough. Okay. They have some work to do on their communication, but I want to shift gears here for a second, because I don't want to lose sight of the bigger picture. What are they actually going to do with all this money they're saving? Keep in mind that between them, they have an annual income of \$270,000 and a net worth of over a million bucks. Greg, what do you think you're going to spend on when you retire?

Greg: [00:34:43] Golf club membership,

Ramit Sethi: [00:34:45] Okay. \$25,000 a year. What else?

Greg: [00:34:48] Oh no, I'm going to find a much cheaper option.

Ramit Sethi: [00:34:52] Bro, I can't believe it. After everything we've been talking about today, the first example was a cheaper option. Why?

Ashley: [00:35:04] I want to go to a luxury resort and fly first class.

Greg: [00:35:07] Just the biggest question mark is how are we going to travel and how do we spend money on travel? So, even if we say six months somewhere, that could very well mean an apartment in a city somewhere across the world at 2,500 a month. Like we don't need to have a luxury apartment to enjoy what the culture is like.

Ramit Sethi: [00:35:30] Wait a second. I thought the whole point of this was to save now so that Greg and Ashley can spend extravagantly in retirement. But now, he's telling us, oh, he's not going to spend extravagantly in retirement, he's still going to be looking for deals. Then, when he has millions and millions of dollars, when exactly is he actually planning to spend all this money? Greg, when was the last time that you went to a luxury hotel?

Greg: [00:36:01] We actually traveled to Europe for a month.

Ramit Sethi: [00:36:04] And how much did that cost you when you were there?

Greg: [00:36:07] 12,000.

Ramit Sethi: [00:36:08] And how did you feel about that, Greg?

Greg: [00:36:10] It was budgeted for, so it was fine.

Ramit Sethi: [00:36:14] Ah, very interesting.

Greg: [00:36:16] We knew that we wanted to get away from work. It was our first trip in a year. You don't want to go to Italy and cook in your own house. You want to go in the restaurant. So, when you make the decision to eat out every single meal and get comfortable accommodations, you're okay with the bill being what it is.

Ramit Sethi: [00:36:38] Okay. Now, we're getting somewhere. Well, as long as-

Ramit Sethi: [00:36:42] Ashley, was that your experience, too?

Ashley: [00:36:45] No. I was going to say that Greg tells me, that's ridiculous, that I want to spend that much on vacations every year. To me, I feel like it's justified, because I sacrificed other things in my life to have this. I don't get my hair done or my nails, and I don't buy a lot of clothes, I don't go out ever, because I want to save to go on trips.

Greg: [00:37:03] So, the trips after food is our biggest expense and the trips become a contentious topic sometimes, because I don't need the highest end butler service accommodations when I go on vacation.

Ashley: [00:37:18] But we don't spend that.

Greg: [00:37:20] We've spent \$20,000 before.

Ashley: [00:37:22] I know, but like for us to go for a honeymoon and we stayed in luxury places. That's it.

Ramit Sethi: [00:37:30] First of all, I'm a hotel guy, so I need to know which hotels are we talking about here. Where did you go on your honeymoon?

Ashley: [00:37:35] We went to Bali and we stayed at The Chedi.

Ramit Sethi: [00:37:38] Beautiful. All right. I got to tell you guys, I don't care, we could be talking about you becoming an orphan, but if you mention that you stayed at a certain luxury hotel, I'm going to stop that conversation. Hold on a second. Which sweet did you stay in? How did you like it? What type of food? Did you order off menu? Did you talk to the chef? Did you take a tour with the general manager? What can I say? I love these hotels. I got to know the details. I'm sorry, guys.

Ashley: [00:38:04] When we are in Poland, so it's much cheaper, so we went to this like spa hotel in like the [indiscernible] so we're going \$600 a night, but it was like a lot of bang for your buck, because of their currency.

Ramit Sethi: [00:38:17] I wanted to see what Greg and Ashley actually need to save in order to hit their financial goals and how it compares to their lifestyle. Their plan is to retire at 52, so I crunched the numbers for them. So, you're on track to do about that. Looks like you are going to end up with around four million bucks. When you think about those numbers, how do you feel?

Ashley: [00:38:38] Great.

Greg: [00:38:40] If I'm making a quarter-million dollars at 51 or 52, am I walking away from another year of a quarter-million dollars? The question mark will be, am I going to be prepared to walk away from whatever level, whatever job I have at that age and just forgo that income? I think that's going to be the tougher part that we have to navigate, which could also result in some issues.

Ramit Sethi: [00:39:00] I already know the answer to that, so do you.

Greg: [00:39:03] Exactly.

Ashley: [00:39:04] Yeah.

Ramit Sethi: [00:39:05] What is it?

Ashley: [00:39:06] All he talks about is retiring, but then I'm like, you're not going to walk away from that income once you get there.

Ramit Sethi: [00:39:12] So, why do you guys put 52 retirement? You don't want to retire at 52.

Greg: [00:39:18] So, we call it financial freedom, like we have the option, if neither of us wants to go to work anymore and we've had enough.

Ramit Sethi: [00:39:25] Financially speaking, Ashley and Greg are both well ahead of most people I speak to. They're aligned on their financial goals. They're high earners. They've got a great amount saved up. But what's interesting is that this conflict stems from their self-imposed annual budget, which is restricting their spending. In other words, they're prisoners of their own creation. Now, the solution seems obvious to you and me.

Ramit Sethi: [00:39:55] We both know that they don't need to be saving so much money, but it's one thing to "know" what needs to be done. It's a whole another thing to make those changes in your own life. Let's see if I can convince them to cut themselves a little bit of slack here. You guys are already going to have four million dollars, and a few years after that, you'll have \$10 million. So, these arguments that you're having, first of all, they're really over small amounts of money.

Ramit Sethi: [00:40:26] We are not talking about 80 grand, we're talking about \$5, \$50, but the second part of that is that they're actually not about money at all. It's not a math problem. This is a deep psychology problem. You don't have the skills of spending money. You've never developed them. Ashley, we talked about your mom. Greg, we didn't get a chance to get into your family, but would you agree that there's probably—is

there something in your past, where, similar to Ashley, there were maybe financial irregularities or people who didn't spend a lot of money?

Ashley: [00:41:07] Yeah.

Ramit Sethi: [00:41:09] Yeah.

Ashley: [00:41:09] He grew up pretty poor.

Ramit Sethi: [00:41:13] Earlier, I mentioned that we start forming our money habits in childhood. I think it's time to hear Greg's story.

Greg: [00:41:21] I'm Eastern European. My going out would be on the drive camping, we've stop at KFC once a year, whereas now that the needs of my partner are to go out multiple times a month, which is very different than my whole upbringing. Like that one KFC brought me joy, but I don't think I can replicate that joy by going out on a regular basis. So, like the fact that we go when we go and we make it feel special to us brings me back to that time when we hopped into KFC, but I don't know if I'm going to have that same satisfaction, and joy, and love if I go out four or five times a month.

Ramit Sethi: [00:42:01] Actually, everybody talks about the hidden treadmill, and the advice that everybody in the financial world gives you is the hedonic treadmill will force you to have diminishing returns on your enjoyment, which is true, but then they go one step further. They go, therefore don't do anything a lot, because you're never going to enjoy it. And I think, Greg, your mind is telling you, hey, I got a lot of joy out of going out once a year, so therefore, because I'm a human and humans love to be consistent, I should get the same amount of joy doing it now.

Ramit Sethi: [00:42:43] And if I need to go out more than, there's something wrong with me, I've actually become one of those frivolous spenders. But I'll give you a different perspective. I want to acknowledge that you're not going to get the same joy today, even going to a 200-dollar restaurant that you got from that five-dollar KFC meal. It's not going to happen. Things are different. You were also getting a lot of joy, not because of the chicken, although KFC is pretty good, who were you with?

Greg: [00:43:14] My family.

Ramit Sethi: [00:43:16] Yeah. So, whether it's \$5 or \$500, you were with people you love. And what you've done is you've let the dollar amount become the most important part of that story. The real answer is the people you were with. So, you have the chance to do that now. Yeah, it's going to be a little bit more expensive. In fact, it's going to be a lot more expensive. But do you think 15-year-old you would ever imagine that you'd be making this kind of money?

Greg: [00:43:47] No.

Ramit Sethi: [00:43:47] Exactly. Without any specific goals for the next 15 to 20 years, I predict you will accumulate a tremendous amount of money. I don't think you truly understand the costs if you add up all the collective decisions you've made. On your income, you've saved how much per year, with everything you do to save on wine, and blueberries, and this particular brunch or whatever? How much does it say to you per year?

Ashley: [00:44:25] Not much.

Ramit Sethi: [00:44:26] How much? Give me a number.

Greg: [00:44:30] \$5,000.

Ramit Sethi: [00:44:31] It's more than 5,000, I can tell you that right now.

Ashley: [00:44:34] Ten.

Ramit Sethi: [00:44:36] Good. Maybe you're saving 5 to \$10,000 per year. How do you feel about that?

Ashley: [00:44:45] Now that I'm older, I feel like it's not worth it. When I was 20, that was more like a significant number.

Ramit Sethi: [00:44:51] Let's first start out with what your world view on the world has cost you. How could you figure that out? I don't just mean financially.

Greg: [00:45:02] How many fewer people are calling you to go out?

Ashley: [00:45:05] Yeah.

Ramit Sethi: [00:45:06] What else?

Greg: [00:45:08] How many times we fight over money?

Ramit Sethi: [00:45:10] There you go.

Ashley: [00:45:11] How many memories we've lost with our families?

Ramit Sethi: [00:45:14] Keep going. What else?

Ashley: [00:45:15] How many times we haven't connected, because we don't go out. We just like sit in front of TV. There's a lot more important things than money.

Ramit Sethi: [00:45:24] Greg, what about for you?

Greg: [00:45:25] It becomes eye-opening and very evident that we've missed out on these memories and experiences for what can be 5 to 10,000 dollars a year in expenses.

Ramit Sethi: [00:45:38] If it were someone making \$25,000 a year, I'd be having a very different discussion with them, but you two are professionally very successful. I won't go so far as to say you're financially successful. You saved a lot of money, but being successful with money is about more than math. What I would argue, you've fail that, is to prioritize everything else. Became tunnel vision-focused on numbers, and that's not a rich life. That's just a lot of money.

Ashley: [00:46:11] I agree.

Ramit Sethi: [00:46:12] What do you want to do about it?

Ashley: [00:46:17] I don't want to save as much. I want to start living for today and not for tomorrow. What about you, Greg?

Greg: [00:46:24] Like you said, I think we just have to look at the things that we feel that we're missing out on, these sandboxes we've created for ourselves, being able to expand those, so that we can feel, at least, in this interim, until we learn how to spend, how we can feel better about having a budget for these experiences, having the allocated funds.

Ramit Sethi: [00:46:46] You want, you're done, already invested a tremendous amount, and you're investing \$70,000 plus per year. So, it's not that you are choosing today over tomorrow. Tomorrow's done. You've got it. Lock it in. Well done. Alright. So, things are going to come up that you did not budget for, and both of you have one reaction.

Ashley: [00:47:14] Panic.

Greg: [00:47:16] I feel like we have a slush account.

Ashley: [00:47:19] We do not.

Ramit Sethi: [00:47:20] I like where you're going, Greg. How much should that slush account have?

Greg: [00:47:24] \$1,200.

Ramit Sethi: [00:47:26] Greg, no, I thought we had this. 1,200?

Greg: [00:47:31] If you cover other buckets, why would you have another large slush bucket?

Ramit Sethi: [00:47:34] Greg, stop thinking like you're still poor. You make \$270,000 a year. The unexpected things that come up for you are more expensive than for

somebody who has low income. There's no nobility in continuing to act like you're poor. It's actually offensive. So, Greg, how much should be in that slush fund?

Greg: [00:47:58] \$5,000.

Ramit Sethi: [00:48:00] Good, five thousand now and three years from now, how much do you think that should be in there?

Greg: [00:48:06] \$7,000.

Ramit Sethi: [00:48:08] Ok, that's good, at least directionally. Ashley, what about you?

Ashley: [00:48:12] The same.

Ramit Sethi: [00:48:13] Okay. Fine. That's great. That's perfectly fine. If it were me, I would have said 15,000, because I want you to start thinking bigger.

Ramit Sethi: [00:48:24] I think they both get it. Let's hear how they're feeling.

Ashley: [00:48:28] I'm excited, like that we're going to get some freedom with this, because this is what I wanted for a long time, and I'm glad that we're on the same page. I guess it's going to be hard, I think.

Greg: [00:48:38] I'm very optimistic, because we've been bound by these very strict rules, and I think we've both opened up to the understanding that we can afford more now, we can allocate more to ourselves, to our well-being, for our mental health, and to our marriage. And it's just a matter of being able to start putting on the action.

Ramit Sethi: [00:49:01] That's awesome. I really love that. I love hearing you acknowledge each other. You feel confident, Ashley?

Ashley: [00:49:10] Yeah, I'm excited.

Ramit Sethi: [00:49:12] I am, too. My greatest joy will be to hear from you both in six to 12 months. What are you going to tell me?

Greg: [00:49:21] We're going to tell you about the hotel we went to and how much we enjoyed it.

Ramit Sethi: [00:49:25] There you go. What are you going enjoy at that hotel?

Greg: [00:49:28] We're going to go treat ourselves.

Ramit Sethi: [00:49:31] It is the new version, Greg, of your KFC, is seeing your wife smiling, because you've created abundance in this relationship. And Ashley, for you, it's the joy of watching Greg opening up financially. And so, when you're both at this beautiful resort, and you're eating this great food, and you look at him, and you see him smiling, you're smiling. That's a great moment for both of you to appreciate each other.

Ramit Sethi: [00:50:07] If you've enjoyed this episode, please follow or subscribe to I Will Teach You To Be Rich on any podcast platform ,and you'll get notified each time we drop a new episode. And if you've really enjoyed what you've heard so far, rate and review us, too. I would love to have your rating, and we're just starting out, so those reviews and ratings really help. Thank you. Here's what you'll find next week on the I Will Teach You To Be Rich podcast.

Ramit Sethi: [00:50:33] Even though you're living month to month, you've managed to accumulate six figures in savings, that's no joke, and yet you are, words that I heard today, obsessing, you're talking about like 10-dollar expenses, but you have over \$200,000 in savings, both independently and joint. Do you know how much your money right now turns into by the time you're 65 if you just keep contributing the same amount? Any idea how much it turns into?

Calvin: [00:51:04] No.

Ramit Sethi: [00:51:05] Take a guess.

Calvin: [00:51:06] 5 million.

Ramit Sethi: [00:51:07] It's a good guess. It's 3.6 million.

