

A NEW YORK TIMES BESTSELLER

SECOND
EDITION

I WILL
TEACH
YOU

RAMIT SETHI

“The New Finance Guru”
—FORTUNE

TO BE
RICH

No Guilt.
No Excuses.
No BS.
Just a
6-Week
Program
That Works

Additional Praise for Ramit Sethi and *I Will Teach You to Be Rich*

“Ramit Sethi is a rising star in the world of personal finance writing . . . one singularly attuned to the sensibilities of his generation. . . . His style is part frat boy and part Silicon Valley geek, with a little bit of San Francisco hipster thrown in.”

—*SAN FRANCISCO CHRONICLE*

“. . . one of our favorite personal finance sites.”

—*LIFEHACKER*

“The easiest way to get rich is to inherit. This is the second best way—knowledge and some discipline. If you’re bold enough to do the right thing, Ramit will show you how. Highly recommended.”

—*SETH GODIN, AUTHOR OF THIS IS MARKETING*

“The common perception about personal finance books is that the advice is loaded with technical terms and jargon. On this front, *I Will Teach You to Be Rich* comes as a complete surprise. It is written in an extremely breezy style, but it doesn’t mean that it contains frivolous advice. On the contrary, it packs useful information for beginners on how they can manage their money.”

—*ECONOMIC TIMES*

“. . . particularly appealing to the younger generation with its easy-to-read, no-holds-barred language.”

—*BUSINESS INSIDER*

Real Reader Results



Ramit’s teaching that frugality isn’t about “spending nothing” but rather about spending extravagantly on the things we love changed our outlook on life. My wife and I retired from full-time work at ages 33 and 35, respectively, and adventure around the country in an Airstream RV. We wake up every morning excited and energetic because we control every minute of our day.”

—STEVE ADCOCK



“When I was 30, I had no 401k and a student loan of \$16,000. Now I’m 35, I have no student-loan debt, a healthy 401k, an IRA, an additional investment account, and one secured credit card which I use to pay my monthly bills. I used IWT to do all of this and now spend most of my money on what I love, which is my kids, food, and ebooks.”

—ARIEL STEWART



“Since implementing a fully automated system in 2011, my net worth went from zero to close to \$450k. I never have to worry about money—I have enough for bills, any indulgence, and maxing out retirement accounts (Roth and 401k).”

—ROSS FLETCHER



“I read your book in 2010 when I was a 25-year-old executive assistant at a tiny book publisher making \$28,000. I’m now leading a full team of writers in San Francisco and making \$155,000.”

—CLAIRE PEACOCK



“After reading your book, I negotiated a \$175 monthly reduction in apartment rent by offering a long-term extended lease and putting the apartment as a preferred vendor. Landlord agreed immediately, and that saved me over \$3,500!”

—SAMEER DESAI



“I’ve got over \$100,000 growing for retirement, \$8,000 in the personal investment account, and have next year’s Roth contribution already set aside in an interest-bearing account.”

—DAVID CHAMBERS



“I used the advice from IWT to set up my Schwab IRA, a personal investment account, and a checking account prior to starting my first job when I was 24. I’m now 30 and have over \$300k saved between my personal investment account, 401k, and IRA.”

—HILARY BUUCK



“At first your chapter on debt freaked me out—you can’t just get out of debt so fast! Then I realized making more money was not scary or daunting, but very doable. I went from making around \$4,000 a month to \$8,000 a month from my company. I had 4,500 in debt that is now down to \$900 (soon it’ll be at \$0).”

—REENA BHANSALI



“I’ve used the IWT principles to pay down \$40,000 in debt inside two years by negotiating a raise and taking on my first side-gig projects with the “1K on the Side” project. And with the automation principles, and paying ourselves first, my wife and I built close to \$200,000 in savings in the last two years.”

—SEAN WILKINS



“I took this book on a Caribbean cruise and couldn’t put it down. It led me to getting a \$20,000 salary increase in my day job and starting a side business as a career coach, earning thousands each month. It helped me negotiate down bills and fees, increase my credit limit, grow a healthy

retirement fund and savings, and fundamentally change my mindset about earning money.”

—MARY GRACE GARDNER



“I went from having nothing in my investment accounts to having over \$55,000 to date.”

—ALEX CRAIG



“I didn’t have any credit card debt so I was able to implement the whole book in about three weeks. After that, I kind of forgot about it. Eight years later I was worth close to \$200,000 with no debt as a retail employee.”

—DANIEL LEE REIFENBERGER



“I changed my student loans from 20-year loans to 10-year loans. I had no idea the difference, and it ended up saving me over \$10k. . . . Just by paying an extra \$50 a month.”

—LYLA NUTT



“When I was 25, I had \$8,500 of credit card debt, and \$3,000 of other debt. IWT gave me the manageable steps to get out of my hole, better use my credit cards, not live check to check, pay off what I owed, and start saving. At 28, I have \$50,000 in savings, am debt-free, have automated my finances, and I am going to buy a house this year.”

—**ALLISON REYNOLDS**



“In four years after I read IWT, I’ve saved \$40,000 using dollar cost averaging to contribute to my \$20,000 index tracking fund. I received one promotion and four raises, increasing my earning potential by 70 percent :)”

—**BEVAN HIRST**



“Without the book, I wouldn’t have started my retirement account. It showed me what to open and how to use systems to automatically save my money for future purchases. So far I have \$40,000+ in retirement by maxing out my Roth every year.”

—**JAMES MONROE ŠTEVKO**



“I was 25 when I read the book. I had a crappy job, very little savings, and even less of a clue what to do with my money. I implemented IWT systems and I got a new job (with a 20 percent raise) at a company where I’ve flourished for the past five years. I have \$100,000 in my retirement

accounts and six months' salary in an emergency account, along with other savings for various goals.”

—SHEILA MASTERSON



“Before, I felt guilty because at 37 I should have had my stuff together. Now everything is completely automated. I feel more confident and can spend guilt-free with the money left over. Since reading your book, I maxed out my Roth IRA, made a \$7,000 emergency savings account, have a growing investment account, and have multiple accounts for special purchases.”

—QUINN ZEDA

I WILL TEACH YOU TO BE RICH

No Guilt. No Excuses. No BS.
Just a 6-Week Program That Works

RAMIT SETHI

SECOND EDITION

WORKMAN PUBLISHING
NEW YORK

*To my wife, Cassandra.
You're the best part of every day.*

Contents

An Open Letter to New Readers

INTRODUCTION

Would You Rather Be Sexy or Rich?

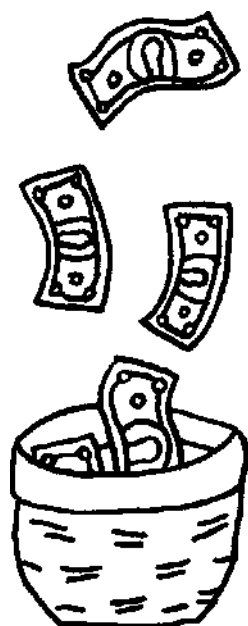
Why do people gain weight after college? The similarities between money and food ■ Counterintuitive but true: We need *less* personal-finance information ■ Common excuses for not managing money ■ You're not a victim—you're in control ■ Stop debating minutiae and focus on the Big Wins ■ The key messages of *I Will Teach You to Be Rich* ■ "Rich" isn't just about money: What does it mean to you?

CHAPTER 1

Optimize Your Credit Cards

How to beat the credit card companies at their own game

Why Indian people love negotiating ■ Stop being intimidated by your credit cards ■ Picking the best card for airline miles, cash back, and rewards ■ The six commandments of credit cards ■ How to negotiate with your credit card company to get fees waived and receive lower rates ■ Secret perks your card offers ■ Why you should *always* buy electronics, travel, and furniture on your credit card ■ What *not* to do with your cards ■ The burden of student loans ■ When credit cards go bad ■ Five steps to getting rid of debt ■ Week One: Action Steps



CHAPTER 2

Beat the Banks

Open high-interest, low-hassle accounts and negotiate fees like an Indian

How banks rake it in ■ The bank accounts I use ■ Why you really need a separate savings account ■ Opening high-interest, no-fee accounts ■ Why people stick with terrible bank accounts ■ Five marketing tactics banks use to trick you ■ Negotiate out of fees with your current bank (use my script) ■ Week Two: Action Steps

CHAPTER 3

Get Ready to Invest

Open your 401(k) and Roth IRA—even with just \$50

Start investing, step by step ■ Why your friends are scared of investing ■ Investing is the single most effective way to get rich ■ Where should your money go? Introducing the ladder of personal finance ■ Mastering your 401(k) ■ Crush your debt ■ The beauty of Roth IRAs ■ What about robo-advisors? ■ The exact account I use ■ Feed your investment account ■ HSAs ■ Beyond retirement accounts ■ Week Three: Action Steps



CHAPTER 4

Conscious Spending

How to save hundreds per month (and still buy what you love)

How to spend extravagantly on the things you love and cut costs mercilessly on the things you don't—without making an annoying budget ■ The difference between cheap people and conscious spenders ■ How my friend spends \$21,000 per year going out—guilt-free ■ Using psychology against yourself to save ■ The four buckets: fixed costs, savings, investments, and guilt-free spending money ■ The envelope system for not overspending ■ What if you don't make enough money to save? ■ How to make more money ■ Handling unexpected expenses ■ Week Four: Action Steps

CHAPTER 5

Save While Sleeping

Making your accounts work together—automatically

The power of defaults ■ How to spend only 90 minutes a month managing your money ■ Ways to use psychology to help you save money ■ Create your automatic money flow ■ Using your automated finances to fuel your rich life ■ Week Five: Action Steps

CHAPTER 6

The Myth of Financial Expertise

Why professional wine tasters and stock pickers are clueless—and how you can beat them

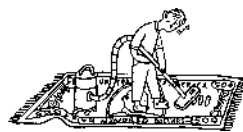
Who should you trust? ■ Experts can't guess where the market is going ■ How experts hide poor performance ■ You don't need a financial adviser ■ Behind the scenes: When two wealth managers tried to recruit me ■ Active vs. passive management

CHAPTER 7

Investing Isn't Only for Rich People

Spend the afternoon picking a simple portfolio that will make you rich

The beauty of automatic investing ■ Asset allocation: more important than the “best stock of the year!” ■ Retiring in your 30s or 40s: The FIRE movement ■ Convenience or control? You choose ■ The many flavors of stocks and bonds ■ Creating your own portfolio: How to handpick your investments ■ Investing the easy way: target-date funds ■ Feeding your 401(k) and IRA ■ The Swensen model of asset allocation ■ Insane crypto “investments” ■ Week Six: Action Steps



CHAPTER 8

HOW TO MAINTAIN AND GROW YOUR SYSTEM

You've done the hard work. What's next? Here's how to maintain (and grow) your financial infrastructure to achieve your Rich Life.

Feed your system—the more you put in, the more you'll get out ■ Ignore the noise ■ The tricky part of managing your own portfolio: rebalancing your investments ■ Nutty beliefs about taxes ■ When to sell ■ For high achievers: a ten-year plan ■ Giving back—an important part of being rich

CHAPTER 9

A Rich Life

The finances of relationships, weddings, buying a car, your first house, and more

Student loans—Pay them down or invest? ■ How to help parents who are in debt ■ The big conversation: talking about money with your significant other ■ Should you sign a prenup? ■ Why we're all hypocrites about our weddings (and how to pay for yours) ■ Negotiating your salary, I Will Teach You to Be Rich style ■ The smart person's guide to buying a car ■ The biggest big-ticket item of all: a house ■ The benefits of renting ■ Is real estate really a good investment? ■ Planning for future purchases ■ Your Rich Life: Going beyond the day to day

Acknowledgments

Index

AN OPEN LETTER TO NEW READERS

If you listened to all the internet influencers telling you the things you “need” to do every morning, here’s what your day would look like:

4:00 a.m. wake up

4:01 a.m. meditate

5:00 a.m. drink 37 gallons of water

5:33 a.m. gratitude journal

10:45 a.m. eat (keto only)

11:00 a.m. track every penny of spending from the last 16 years

11:01 a.m. die

I dunno, guys. I prefer advice that actually works. And when I took a hard look at the advice I gave in this book a decade ago, I realized one thing: I was right.

If you bought this book ten years ago and followed the exact advice in it, here’s what you would have accomplished by now.

- If you had invested just \$100/month, that \$12,000 would have turned into over \$20,000 (The S&P 500 averaged around 13 percent annually over the last decade.)
- If you had aggressively invested \$1,000/month, that \$120,000 you contributed would have grown to more than \$200,000.
- You would be spending less than 90 minutes per month on your money.
- You would have been able to take multiple vacations and fly business class—completely free—using credit card points.
- Money would have gone from a source of anxiety and confusion to one of calm and possibility.

As you’ll see in this book, I do things differently than typical money “experts.” I won’t lecture you about cutting back on lattes (buy as many as you want). I won’t try to convince you to keep a budget (I have a better method). And one more thing: I’m a real guy. I post on Instagram and Twitter ([@ramit](#)) and I write for millions of people on my blog and

newsletter almost every day (iwillteachyoutoberich.com). So let's start off doing something different: I want to hear from you. Really! Send me an email (ramit.sethi@iwillteachyoutoberich.com, subject: new book reader) and tell me two things:

1. What made you decide to take control of your money today?
2. What does your Rich Life look like? (Please be specific!)

I read every email and I try to respond to as many as possible.

What has *I Will Teach You to Be Rich* allowed you to do?

One of my greatest joys is hearing from you about how you've applied my material to change your life. I asked some of my readers to share their results.

I paid off \$10,000 in credit card debt that I accumulated while unemployed, bought a condo in San Francisco, and am now debt-free and building my retirement funds.

—JULIANA BRODSKY, 38

I have \$200,000 in retirement savings and countless vacations paid for by creating specific savings accounts for them; it's hard to put a specific number on that.

—KYLE SLATTERY, 30

I travel internationally for a month 1 or 2 times a year. Last year it was South Africa; this year, Korea.

—ESLI LIGAYA, 34

The Rich Life is about freedom. In my case it allowed me to take 9 months off work and travel throughout Argentina, Colombia, and the US. And now it's allowing my wife to take a 6-month break from work to figure out what's next.

—SEAN WILKINS, 39

We were able to put three children into private school on one full-time income.

—BRYAN DILBERT, 32

All that said, I'll admit that I wasn't perfect. Ten years ago, I made three mistakes when writing the first edition of this book.

My first mistake was that I didn't cover the emotions around money. I spent time covering the nuts and bolts of personal finance—I gave you the perfect word-for-word scripts to get [late fees waived](#), the exact asset allocation I use for [investing](#), and even how to [manage money with your partner](#)—but if you don't tackle your invisible money scripts, none of it matters.

Invisible scripts are the messages you've absorbed from your parents and society that guide your decisions for decades—and often without even being aware of it. Do any of these sound familiar?

- “You're throwing your money away on rent.”
- “We don't talk about money in this house.”
- “Credit cards are a scam.”
- “Stop spending money on lattes.”
- “Money changes people.”
- “You don't get that level of wealth without making a few shady deals here and there.”
- “The stock market is gambling.”
- “Student loans are a scam.”

In this edition, I'll show you what the most insidious, powerful invisible money scripts are—and how to beat them.

The second mistake I made was being too overbearing. The truth is, you can choose what your Rich Life is *and* how you get there. In the original

book, I did write about the different definitions of a Rich Life, but I didn't acknowledge that we might take *different routes* to get there.

For example, your Rich Life might be to live in Manhattan. It might be to ski forty days a year in Utah, or to save and buy a house with a huge yard for your kids, or to fund an elementary school in Croatia. That's your choice.

But how you get there is *also* your choice. Some people choose the traditional route of saving 10 percent, investing 10 percent, and slowly working their way to a comfortable Rich Life. Others save 50 percent of their income and quickly reach the "crossover point" where their investments pay for their life—forever. (This is called "FIRE," or Financial Independence, Retire Early.)

You choose your Rich Life. And in this edition, I want to show you different ways to get there. To do that, I've included lots of examples of people who took unconventional routes to create their Rich Lives.

Finally, the third mistake. Let me just say that I've messed up quite a few things in my life: I've hired and fired the wrong people. I ruined my chance at a TED talk by walking into the meeting unprepared. I was six feet and 127 pounds into my mid-twenties, looking like a hairy Indian Gummy. But nothing compares to my worst mistake of all:

Writing the actual interest rates of banks in the original edition of this book.

Here's what I wrote back then:

"Online banks pay a higher interest rate for savings accounts—about 2.5 to 5 percent, which would produce \$25 to \$50 interest per year on that \$1,000, compared with \$5 per year on the Big Bank savings account."

The information was right . . . at the time. The problem is, interest rates change, which I forgot to mention. And in the years after the first edition was published, they dropped—from 5 percent to 0.5 percent. I assumed people would run the numbers and realize that the interest rate doesn't really matter much. For example, on a \$5,000 balance, that means your monthly interest dropped from \$21 to \$2. In the grand scheme, not that big of a deal.

But when facing lower interest rates on savings accounts, readers got mad—really mad. And they took their anger out on me. Here are a few emails I got:

- "This book is a scam. Where are the 5% interest rates you talk about??"
- "What bank has 3% interest rates??"

■ “Subj: WHERE ARE THE BANKS U WROTE ABOUT”

For the last ten years, I’ve gotten over twenty of these emails every single day. Never again. See my [favorite banks](#). But not their interest rates. WHICH WILL CHANGE, GUYS. In this edition, I’ve corrected these mistakes. And I’ve added new material.

1. *New tools, new investment options, and new approaches to money.* If you want to get more [aggressive about investing](#), I’ll show you how. What do I think about [robo-advisors](#)? I’ll tell you. And what about pre-nups? I share [my thoughts](#).

2. *New money scenarios you’ll confront.* How do you handle relationships and money? I’ve added [new material](#). Once your financial system is set up, I want you to know what to [focus on next](#). And finally, if you know people who complain about politics and baby boomers to explain why they can’t pay off their debt and get ahead, they should read my thoughts on [victim culture](#).

3. *Incredible stories from other IWT readers.* I’ve included tons of new examples, including inspirational success stories from all different kinds of people: men and women in their twenties, thirties, forties, and fifties; people who started from nothing and people who built on success to grow even more. Plus, gut-wrenching stories about people who procrastinated on implementing the material in this book—and what it cost them.

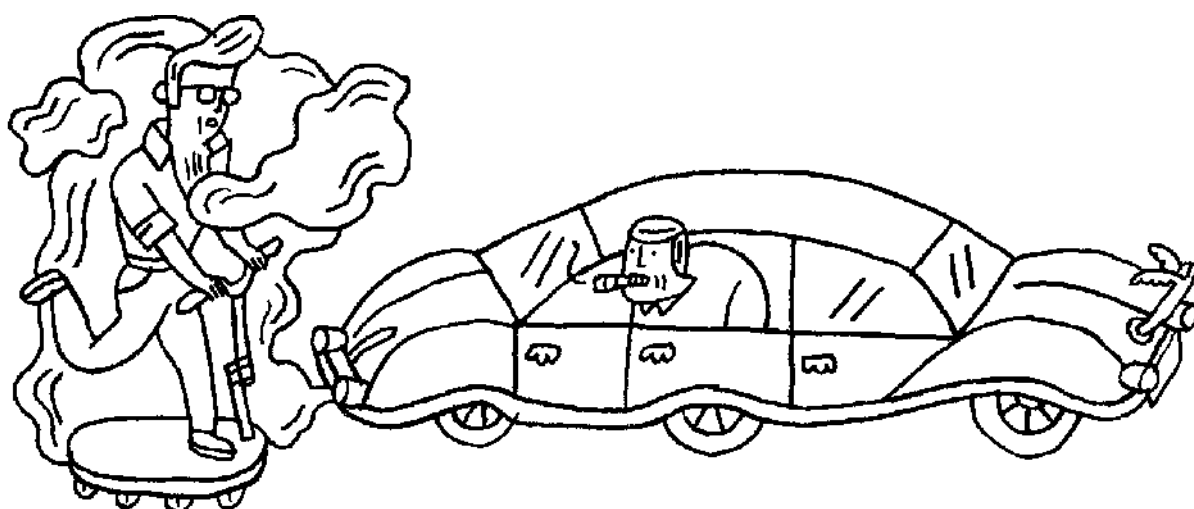
I added new material where appropriate, but I preserved techniques that continue to work. Many people want “new” advice—but the value in this book doesn’t come from novelty; it comes from usefulness.

In ten years, I’ve also changed. I’ve gotten married, I’ve grown my business, and I’ve learned more about money and psychology. Now I get the chance to share what I’ve learned with you. Amidst the noise, the hype, the apps of the day, the IWT personal finance system *works*. Long-term, low-cost investing *works*. Automation *works*. Use this book to create your own Rich Life, just like thousands of others have.

—Ramit Sethi

INTRODUCTION

WOULD YOU RATHER BE SEXY OR RICH?



I've always wondered why so many people gain weight after college. I'm not talking about people with medical disorders, but regular people who were slim in college and vowed that they would "never, ever" let that happen to them. Yet, little by little, most Americans gain an unhealthy amount of weight.

In the ten years since I wrote my book, weight and health have become such controversial topics that I was advised to delete my references to them. But after my own journeys with nutrition, fitness, and money, I now believe even more in the connections between them—and that you can take control.

Weight gain doesn't happen overnight. If it did, it would be easy for us to see it coming—and to take steps to avoid it. Ounce by ounce, it creeps up on us as we're driving to work and then sitting behind a computer for eight to ten hours a day. It happens when we move into the real world from a college campus populated by bicyclists, runners, and varsity athletes who once inspired us to keep fit. But try talking about post-college weight loss with your friends and see if they say one of these things:

"Avoid carbs!"