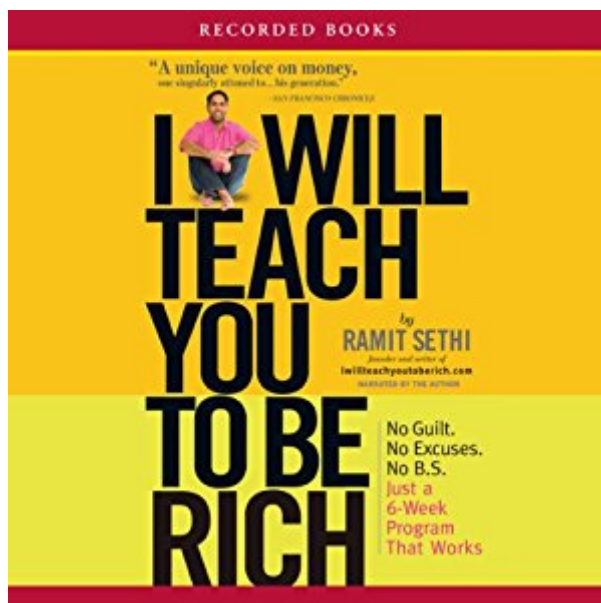


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# I Will Teach You To Be Rich



## Synopsis

At last, for a generation that's materially ambitious yet financially clueless comes *I Will Teach You To Be Rich*, Ramit Sethi's 6-week personal finance program for 20-to-35-year-olds. A completely practical approach delivered with a nonjudgmental style that makes readers want to do what Sethi says, it is based around the four pillars of personal finance—banking, saving, budgeting, and investing—and the wealth-building ideas of personal entrepreneurship. Sethi covers how to save time by not wasting it managing money; the guns and cars myth of credit cards; how to negotiate like an Indian—the conversation begins with "no"; why "Budgeting Doesn't Have to Suck!"; how to get things rolling—for real—with only \$20; what most people don't understand about taxes; how to get a CEO to take you out to lunch; how to avoid the Super Mario Brothers trap by making your savings work harder than you do; the difference between cheap and frugal; the hidden relationship between money and food. Not to mention his first key lesson: Getting started is more important than being the smartest person in the room. Integrated with his website, where readers can use interactive charts, follow up on the latest information, and join the community, it is a hip blueprint to building wealth and financial security. Every month, 175,000 unique visitors come to Ramit Sethi's website, [Iwillteachyoutoberich.com](http://Iwillteachyoutoberich.com), to discover the path to financial freedom. They praise him thoughtfully ("Your site summarizes everything I want with my life—to be rich in finances, rich in experience, rich in family blessings," Dan Esparza) and effusively ("Dude, you rock. I love this site!" Richard Wu). The press has caught on, too: "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). His writing is smart, his voice is full of attitude, and his ideas are uncommonly sound and refreshingly hype-free. --This text refers to the Paperback edition.

## Book Information

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## Customer Reviews

This is my new #1 recommendation for anyone seeking personal finance advice. This is definitely the best personal finance book I've read so far. It's a logical, step-by-step, practical handbook for financial success, specially written for people in their 20's. Sethi gives advice on [how to automatically enabling yourself to save, invest, and spend - enjoying it, not feeling guilty...because you're spending only what you have.](#) His main point: automate your finances so you effortlessly save and invest, leaving you money to spend on things you love without feeling guilty. Automatic saving and investing helps overcome psychological barriers and laziness. In addition to his emphasis on automation, I agreed with Sethi's recommendation for long-term, passive, buy-and-hold investing instead of speculative, market-timing investing. I also liked Sethi's 85 Percent Solution, which states that it's better to act and get it 85% right than to do 0%; sometimes good enough is good enough, and it's always better than doing nothing. Another good message is "spend extravagantly on the things you love, and cut costs mercilessly on the things you don't." That's valuable because everyone defines being "rich" differently, and it's not all about money. Money is just the tool we use to acquire the material possessions and experiences we want. That's the difference between being cheap and being frugal; being cheap is trying to cut spending on everything, and being frugal is cutting costs on the things you don't care about so that you can splurge on the things you do. I liked the concept of making a Conscious Spending Plan instead of a budget. Almost no one actually makes a budget, and even fewer follow it. Instead, consciously decide how you'll spend your money. I especially like this idea of guilt-free spending, because too often the recommendation is to limit all spending. But people in their 20s want to live it up, not sit at home and pinch every penny! The Conscious Spending Plan lets you spend a certain percentage of your money on whatever you want, without feeling guilty, since you're paying yourself and your bills first. The book is written in the form of a 6-week action plan. Each chapter describes the tasks and reasoning behind them, and ends with a checklist of steps to take. Here are the weeks: Week 1: Credit Cards. Check your credit, pick a good credit card, set up automatic payments, pay off debt. Week 2: Bank Accounts. Open or assess your checking account, open and fund a high-interest savings account. Week 3: Investing Accounts. Open a 401(k), make a plan to

pay off debt, open a Roth IRA and set up automatic payment. Week 4: Conscious Spending. Create a Conscious Spending Plan, track spending, and cut in the right places. Week 5: Automatic Money Flows. List and link accounts, then set up an Automatic Money Flow to automatically fund the 4 categories of your Conscious Spending Plan. Week 6: Investing Choices. Figure out your investing style, research investments, and buy funds. The book gives a fairly in-depth explanation of the concepts and fundamentals of personal finance, but also contains plenty of examples of actual bank accounts and funds. There are many references to the 2008 recession and other events, so those parts of the book didn't age well.

Notes

Personal Finance Ladder

Rung 1: invest enough in 401(k) to get company match

Rung 2: pay off debt

Rung 3: invest as much as possible in Roth IRA

Rung 4: put more into 401(k), as much as possible

Rung 5: invest in non-retirement (taxable) account

Conscious Spending Plan recommended percentages (save and invest more if possible)

- 50-60% on fixed costs
- 10% on long-term investments
- 5-10% on savings goals
- 20-35% on guilt-free spending

Investing

Use target-date funds or index funds. Invest aggressively in retirement accounts, since retirement is so distant. Recommended financial institutions: Vanguard, T. Rowe, Schwab

Rebalance every 12-18 months by investing more in underperforming assets (not selling outperforming assets). Hold tax-inefficient (income-generating) assets like bonds in tax-advantaged accounts. Hold tax-efficient assets like index funds in taxable accounts. Choose funds based on:

1. Expense ratio
2. Asset allocation
3. 10-15 year return

Model your portfolio after David Swenson's Yale Endowment portfolio:

- 30% US stocks
- 15% developed international stocks
- 5% emerging market stocks
- 20% REITs
- 15% government bonds
- 15% TIPS

Buying a house

Houses are a poor investment compared to stocks; they've historically returned 0% after inflation. Before buying a house, determine the total monthly payment including mortgage, taxes, insurance, and maintenance. It should be less than 30% of your gross monthly income. The total house price should be less than 3 times your annual gross income. Buy a house only if you can live in it for 10 years. Make a 20% down payment and get a 30 year fixed rate mortgage. To be fair, I probably should have listened to this one, but I did many of the other things Sethi points out.

Additional notes

Use savings for goals less than 5 years away. Set your accounts for automatic deferrals, transfers, and payments to automatically direct money into retirement accounts, savings, bills, and a spending allowance. Negotiate a higher total compensation (salary plus benefits) by researching compensation for comparable jobs and proving the value you bring to the company. One thing I did was that I continuously talked to my friends about the book and we sat down together and completed a lot of the actions in sequence. By having those around me also aligned it made easier for me not to be tempted to go out. For example, we decided only to go out to

eat for lunch once a week to stick to our plan. Sethi also gives many tools and recommendations throughout the book to help you accomplish your goals.

This is the perfect book for people of any age that haven't optimized their finances yet. If you haven't taken the basic steps this book lays it out. Stylistically it is written for people in their twenties but if you're 30 or 40 and haven't taken these steps yet then this book is great for you. The book gives specific recommendations for companies/accounts to use which are now out of date but that's ok a little research will get you the best up to date info and I'll fill you in on my accounts here. The most important aspect of this book is the recommendation to **START INVESTING NOW!!!!** It doesn't matter how old you are or how much money you have, just start putting some money in the market NOW, as you save more you can invest more. The problem a huge portion of the population has is doing nothing with your savings for fear of "not doing it right." I can't tell you how many 35 year olds have \$50k sitting in a savings account because they have this fear issue. If they had just taken some simple steps at age 25 instead of age 35 they'd have \$70k instead of \$50k. It is very simple to get started "doing it right" and this book will teach you how, and also why it's the right thing. This book teaches you the very simple steps and the most simple investing strategies. But guess what 98% of the population should only do these simple things and nothing else. The book will teach you how to: Get your financial accounts organized you need: Regular Checking/Savings with physical branches near you, online high interest savings account, investment account. The book will teach you how to set up these accounts, and automate sending money from one account to the other. This way you don't really need a detailed budget to control spending, you send your savings away from your checking account and only spend what you have left in checking every month. Figure out where you might be wasting money - The book teaches you how to stop wasting money on bank fees, high cable bills etc, but also just tells you to figure out where you might be spending money that you don't really care about and stop it. If you love your lattes and never go to the gym, then keep buying your lattes but stop paying your gym for nothing! If you buy lattes but you don't really care about them then stop, etc. Ok here are the best specific accounts I use (2017). Local Bank - Bank of America (yes they are evil but sometimes you need a local branch, and don't worry they have a very small portion of my money). This one doesn't really matter just pick one with branches near you. When you get money (paycheck etc) it goes here. Once a month you send a specific amount of \$\$ to Online High Interest Savings. Pay your credit card bills using this account. Online High Interest Savings -- Ally Bank has the best rate right now, Capital One 360 (used to be ING Orange), is the other main one. You keep a set amount in here that is your reserve

funds (2-3 months of expenses). If possible pay your car payment, and mortgage/rent using auto draft from this account. Then every month a set amount of \$\$ gets sent from here to your true long term savings which is your investment account. Investment Account -- CHARLES SCHWAB!!!! -- Right now I think Chuck is the best investment house. I have been using them for years and I have literally never paid them a single penny in fees for making trades or anything else. They have the best array of no fee ETFs. Use their "ETF Portfolio Builder" to help you pick your Index ETF's and you are off and running with investing in the stock market! You can also get a real person on the phone now and then for no cost if you want to ask questions. Also when you have an investment account with them you can get a checking account where they pay you back for every single penny in ATM fees! So if you're in Vegas and the ATM charges you \$10 to withdraw cash, Chuck gives that money back to you! Never again feel stupid for pulling money from an ATM! Credit Cards

Stop with the points and the miles. It's a shell game, its kinda fun and it seems like you're winning but you're not. Cash back the best way to optimize

Citi Double Cash 2% cash back on every single purchase you make. No revolving categories etc. No annual fee. This is the best cash back card on the market.

Amex Blue Cash Preferred -- \$75 fee per year, 3% back at gas stations, 6% back at grocery stores (with a cap), 1% on everything else. For families where gas and groceries are large expense items this card is very much worth it. Ok go buy this book and start optimizing your finances! Once you have all this done, then maybe think about buying specific stocks. But probably not, its just gambling.

This book was recommended to me after I expressed becoming debt free. This is a great book that gives sound advice that actually seems to work if put into practice. I really enjoyed the writing style which was relaxed and like a friend giving his friend advice. In fact I found myself laughing out loud plenty of times. Much of the information was similar to Dave Ramsey's Total Money Makeover but delivered in a modern way with examples that made sense for a younger crowd. The things that were new to me or different made plenty of sense and seems very easy to insert into my life. I don't know how accurate the 6 weeks is but I definitely recommend this book.

Explains the benefits of lowering or getting rid of your debt living below your means and saving and investing through a long term buy and hold mentality. I was already very familiar with these concepts discussed by other guru's but I like the way it was laid out. If I hadn't already read Dave Ramsey's Total money makeover and Tony Robbins' and Charles Schwabs books on investing this

would have been very informative.

I've recommended this book to my siblings, peers, coworkers, and even spoke with a stranger on the train about how great the book was after I saw him pull it out of his backpack! Ramit's writing style is both knowledgeably informative and easy-going, which actually made reading this book about finances fun. I've been using his conscious spending plan method for the last 5 months and I feel in control of where my money is going. It's an amazing feeling to not have to worry about spending money once the important things, such as savings and retirement, have been taken care of.

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