



# I Will Teach You to Be Rich

*Ramit Sethi*

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## **I Will Teach You to Be Rich** Ramit Sethi

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.

## **I Will Teach You to Be Rich Details**

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# From Reader Review I Will Teach You to Be Rich for online ebook

## Bri Altier says

If you can cringe through the misogyny and disdain for overweight people, there are actually some good pieces of financial advice for beginners.

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## Jean-Luc says

In one chapter, this book briefly describes a girl that spends \$5,000/year on shoes. Since it's a book on being rich, I figured she *\*must\** be rich in order to waste that much money on shoes. But no, her annual income is about half mine. She's able to do this because she decided that "\$5,000/year on shoes" was her own personal definition of "rich" and she oriented her life around that decision.

That's all this book is: deciding for yourself what it means to be rich and acting on it. Everything's broken down into the simplest possible steps. Even if you're the laziest person on the planet, taking 1 action/day will put you on the path to a wealthy retirement in about 6 weeks.

There are many, many numbers, all used to illustrate the difference between not taking action, taking some action, and taking maximum action. Some of these differences are measured in hundreds of thousands of dollars. Each action required on your part rarely requires more than a few hours one evening. Once. And then you never have to worry about it again.

This book will pay for itself many, many times over in the first month after you read it, if not the first week. It's *your* money, no one else's, so why the hell haven't you read it yet?

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## Anotherjesse says

The author is a co-founder of PBWiki. Having known David (other co-founder of PBWiki) since moving to the bay area, I decided it was worth taking a chance on this book.

Overall it was disappointing. Most chapters had as much information as a good blog post. He spent too much time repeating himself and making stupid jokes. I give it 1 star on style. I wish Gini Trapini had written it.

The actual content is good. Anyone who doesn't have a good financial system in place should read it. The actual information is actionable. My issue with the content is that it assumes you were in a shitty place to begin with (which was true 3 years ago but I spent 2006/2007 doing most of what he recommends, learning the hard).

Lessons: have goals for saving (you will lose motivation), automate anything you can (rent checks, ...), use mint (tracking), buy stuff that matters to you and be as cheap as possible on everything else, don't carry credit card debt.

See also: Steve Martin on SNL - Don't buy stuff you cannot afford

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### **Jesse says**

I'll keep this short and sweet: absolutely everyone should read this. High school kids should read this. My mom should read this. You should read this. It's the best book on personal finance I've ever read. Step by step instructions on exactly how to get your financial life in order. I read this years ago and it paved the way for me to eliminate my credit card debt and start investing. A must-read.

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### **Alex Pyatetsky says**

I've never wanted to give a book 2 stars so badly. As a warm blooded, heterosexual male - the obnoxiousness and irrelevance of Ramit's frequent fratboy asides is really grating. I'm sure he has some kind of "gotta break some eggs to make an omelette" rationale, but buyer beware. You're going to read some shit that sounds like Tucker Max, minus the funny.

THAT SAID - I gave the book 4 stars.

Why? If you don't have your finances in order, Ramit gives you a clear, actionable plan on what to do, what order to do it in, and which vendors to use. This book is supremely actionable, and the only reason you wouldn't get your finances in order after reading it is because you simply don't give a shit, not because you don't know what to do.

The investment portion of this book is VERY 101 (maybe 100). If you're at the point where your credit, expenses, etc., are in order and you want to think more about making your money work for you, I'd recommend Tony Robbins "Money: Master the Game." It contains ~10 interviews with the leading minds in finance and investing, giving much better coverage of a complex subject and makes cases for various portfolio strategies.

All of this said, I did organize my finances according to Ramit's advice, so I have to thank him/give him credit for that. It feels like a major adult accomplishment and weight off my shoulders.

I wish someone would write a better written version of the same information so I can buy lots of copies and donate them to high schools. This is simultaneously required reading and utter dog shit, irony be damned.

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### **Sarah Kendosh says**

A MUST read for young independent ppl!!!

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### **Dustin Taylor says**

While I don't agree with everything he said, I do agree with some of the things he talks about. I personally

found the investment chapters worth reading as I didn't know very much and he lined out what my options were and explained what they were in a clear and fun way. The entire thing about using a credit card for everything to get points and other "benefits" doesn't quite work for me, but it may for him. I don't know anybody who has ever gotten rich because they received points from credit card purchases.

I would read this book along with Dave Ramsey's The Total Money Makeover to compare the two. With both in hand, you should get started off on the right path.

A few notes while I read this book:

- Ramit talks specifically to people who think they need never to borrow money. His response? "Maybe you don't today, but in three or four years, you might need to start thinking about a wedding or a house. What about cars? Vacations? Those ridiculous baby cribs that cost \$7,000? And it goes on and on. Please don't scoff or dismiss what you just read. One of the key differences between rich people and everyone else is that rich people plan before they need to plan." My response? Really? You need to borrow money to go on vacation? To get married? To buy a baby crib? A car even? Maybe a house, but none of the others. Ramit did get one thing right, rich people DO plan before they need to plan by saving cash, by planning out the purchase of a car by saving a certain amount monthly, by saying they want to go to a cruise next year and it costing \$1200, so they save \$100/month to do it. That baby crib? you know at least 8-9 months in advance you will be needing one, and I don't know ANYBODY who spends \$7,000 on a baby crib, especially those who DON'T HAVE THE MONEY. Wow... Sorry about that. I had to go on a rant. Ramit argues that credit is king, but it doesn't do anything for you when you're going into debt to go on vacation and paying interest back at 7% (because of your good credit) as opposed to 14%. Why go in the first place?

- Ramit enlightened me to something I really didn't know how to do before. I knew it was possible, but didn't know it was doable. To opt out of all your pre-approved credit card offers you receive in the mail, go here: <https://www.optoutprescreen.com/> and put in your information. Right when I read this, I did it immediately.

- One thing I absolutely love about this book is to simply get started. Just do SOMETHING rather than be paralyzed by not knowing what to do and how to do it. You'll learn over time. Start investing TODAY. Start paying off your debt with whatever you've got TODAY.

- Conscious spending. This is exactly what my budget has become. Yes, I still know exactly what I'm spending money on each month so that we can plan for the future and have those needs taken care of (tuition, books, summer trips, etc.). Budgeting/conscious spending is simply to stop spending money on something you don't care too much about and spending LOTS of money on the things you love. If you love eating out, there's no reason not to spend money on that as long as you don't go into debt for it and have already saved and invested!

- Investing chapters lead to sound advice for those who want to invest, but don't have the time to look at all of the many different mutual funds, index funds and stocks. It helped me understand the difference between mutual funds, index funds, and LIFECYCLE or TARGET RETIREMENT accounts. Good advice for basics.

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## Derek McDow says

Deficient in style, form, prose, and depth (the nerdy dude-bro-esque humor falls flat and tends to sound

either sexist or racist) but the dated content could still prove useful to young people who know next to nothing about getting their finances in working order. Perhaps the strongest aspect of this book is the actionability of the content--improving credit scores, setting up high-interest savings accounts, investing in 401K and ROTH IRAs, etc. Great primer for the late-teen or early 20-something.

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### **Eric says**

This is a great personal finance book for people in their 20's. It teaches simple lessons on how to apply personal finance in the internet age. I love how relevant the book is to my life, and my finances. Moreover, it was comforting to find out that I had already implemented several of the author's suggestions. Great read.

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### **Farwa says**

This was a great book for me to think about my finances and saving habits. Through reading this book, I have learned about retirement accounts, long-term investing, and short-term savings goals. My system is now fairly automated so I don't have to think about it too much, and I feel like I'm doing a lot more with my money than I was before reading this.

Highly recommend for my friends in their 20s who have started earning a steady income, especially if you're like me and kind of clueless about finances.

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### **Ling Chung says**

For beginners, this personal finance book is a 5 star. It's up there with Rich Dad and Poor Dad. Ramit Sethi is hilarious. I love listening to his interviews generally. The light tone definitely came through in the book.

Keep in mind this book is written for beginners. If you are somewhat diligent about your finance, you probably are already doing 90% of the things outlined in this book. So I wouldn't recommend reading this.

As a Canadian not familiar with US investment vehicles, this book introduced me to 401k and Roth IRA, it's helpful to know what investment vehicles are available in the US if you're open to moving cross border and could one day want to investigate those investment options.

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### **Emily Whetstone says**

Don't let my star rating mislead you. You should read this book. The advice is very good and clear.

I just can't honestly say I loved it, because I found the author's examples of what it means to be rich (repeated references to being fed grapes, etc, by lovely younger women) to be off-putting. Also, the layout is terrible. The flow of chapters are continually interrupted by smaller stand-alone sections, which should have been better placed so you wouldn't have to choose between interrupting the paragraph you've begun or remembering to go back when you've finished reading it.

Once again, you should read this book. It's very straightforward and practical, and removes much of the mystery around saving and investing. I wish I had read it younger and put it into practice sooner.

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## **Jason says**

I tried summarizing the main things to learn at:

<http://docs.google.com/View?id=dfp2hx...>

I've pasted the most important bits below, but for a lot more (hopefully useful) info, check out the linked doc.

The Overall Gist: This book is about how to manage your money, particularly for young people (20's). It's about the 85% solution: most young people don't manage their money because they believe they have to be experts, but what actually matters is getting started NOW, even it's only 85% right.

### **6-Week Program**

Week 1: Optimize your credit cards and use them responsibly to build good credit.

Week 2: Set up no-fee, high-interest bank accounts.

Week 3: Open a 401(k) and Roth IRA.

Week 4: Figure out how much you're spending and where, then create a Conscious Spending Plan and optimize your spending to make your money go where you want it to go.

Week 5: Automate your new financial infrastructure so bills are automatically paid and money is automatically saved and invested.

Week 6: Learn how to get the most out of the market with very little work. It's not about picking stocks, it's about investing in index funds: either a lifecycle fund or a set of index funds that fits your ideal asset allocation.

The Ladder of Personal Finance: A summary of prioritized steps on how to invest

- If your employer offers a 401(k) match, invest to take full advantage of it (but not more). It's free money.
  - Pay off your credit card and any other debt. Pay off the debt with the highest APR first. Note that for low-interest debt, instead of paying it off beyond the minimum, you may want to invest instead (i.e. the following ladder rungs)
  - Open up a Roth IRA and contribute as much as possible (if your income is \$101,000 or less in 2009, this is \$5000).
  - Continue contributing to your 401(k). The current limit is \$15,500.
  - Open a regular nonretirement account and put as much as possible there. Also consider investing in yourself.
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## **Chad Warner says**

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 twenty-somethings. It was better than the personal finance books I've read by Eric Tyson, Andrew Tobias, Dave Ramsey, Suze Orman, and Robert Kiyosaki.



See my Finance shelf on Goodreads for my reviews of those books.

Sethi gives advice on “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 current events, so those parts of the book won't age well.

This is my new #1 recommendation for anyone seeking personal finance advice.

## 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.

**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.

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## **Jamie says**

Ramit has some good points in this book. I liked his no-BS approach and I found his points about automating finances worthwhile, if it didn't exactly give me new information. I found the section about investing to provide helpful information about index funds, which I had wondered about. He is right on the money about saving up for weddings/homes too, which somehow people just expect to pull massive amounts of money together for, on a whim. Excellent points, all.

That said, I really dislike this guy. His tone sounds like a petulant spoiled kid at times. He talks a lot about hot girls and going out to bars. Granted, I'm married, but I am in the demographic he lists for this book, and I found it hard to take serious advice from someone who literally says that he HATES people who make money mistakes. And who talks a lot about hot girls. The book just tries too hard to be hip, and there is surprisingly little in this book about student loans, considering it is aimed at 20 and 30 somethings.

Suze Orman's book for the Young, Fabulous & Broke gave me a lot more info without all the hot lady references.

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