BOOK
I Will Teach You to Be Rich: No Guilt. No Excuses. No BS. Just a 6-Week Program That Works

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SYNOPSIS [From the publisher]
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.

"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!" "Don't eat before you go to bed, because fat doesn't burn efficiently when you're sleeping." "Keto is the only real way to lose weight." "Drinking apple cider vinegar speeds up your metabolism."

"As long as something is being said, we're drawn to it. Why? Because we love to debate minutiae. When we do, we somehow feel satisfied. We might just be spinning our wheels and failing to change anyone's mind, but we feel as if we're really expressing ourselves, and it's a good feeling. We feel like we're getting somewhere. The problem is that this feeling is totally illusory."

"People love to argue minor points, partially because they feel it absolves them from actually having to do anything."

"Yes, the best time to start investing was ten years ago. The second best time is today."

"Cynics don't want results; they want an excuse to not take action. Ironically, even if they win their own manufactured argument, they lose overall, because they're stuck in a prison of their mind."

"Our education system doesn't teach this." It's easy for people in their twenties to wish that their colleges had offered some personal finance training. Guess what? Most colleges do offer those classes. You just didn't take them!"

"If you withdrew your money from the stock market in 2009, you missed out on one of the longest sustained periods of growth in history. Fear is no excuse to do nothing with your money."

"Follow my CEO Method: Cut costs, Earn more, and Optimize your existing spending."

“In relationships and work, we want to be better than average. In investing, average is great.”

“The single most important factor to getting rich is getting started, not being the smartest person in the room.”

“Focus on what you can change yourself. Just as the diet industry has overwhelmed us with too many choices, personal finance is a confusing mess of overblown hype, myths, outright deception—and us, feeling guilty about not doing enough or not doing it right. If you’re not satisfied with your finances and you’re willing to take a hard look in the mirror, you’ll discover one inescapable truth: The problem, and the solution, is you.”

“The 85 Percent Solution: Getting started is more important than becoming an expert. Too many of us get overwhelmed thinking we need to manage our money perfectly, which leads us to do nothing at all. That’s why the easiest way to manage your money is to take it one step at a time—and not worry about being perfect.”

“Spend extravagantly on the things you love and cut costs mercilessly on the things you don’t. This book isn’t about telling you to stop buying lattes. Instead, it’s about being able to actually spend more on the things you love by not spending money on all the knucklehead things you don’t care about.”

“There’s a difference between being sexy and being rich.”

“Investment isn’t about being sexy—it’s about making money, and when you look at investment literature, buy-and-hold investing wins over the long term, every time.”

“Don’t live in the spreadsheet. I encourage you to pick your financial system and move on with your life, which means not “living in the spreadsheet,” or obsessing over every tiny change in your spending and in the market.”

“The media thrives on creating fear and anxiety around debt, as if it’s inescapable and crippling. And they rarely suggest solutions—when they do, they’re along the lines of “eat out less.” Thanks, guys. The result is a tornado of negative emotions. We feel helpless. We feel outraged. Who should get the blame? I don’t know, but somebody should. Most of all, we do nothing. This is how “outrage culture” works—it makes you feel angry and exhausted . . . and then you go back to doing nothing.”

“Credit cards give you thousands of dollars worth of perks. If you pay your bill on time, they’re a free short-term loan. They can help you keep track of your spending much more easily than cash, and they let you download your transaction history for free.”

“Instead of playing defense by avoiding credit cards altogether, I want you to play offense by using credit cards responsibly and getting as many benefits out of them as possible. To do so, you need to optimize your credit card(s) and use them as a spearhead to improve your overall credit.”

“Your credit score (often called your FICO score because it was created by the Fair Isaac Corporation) is a single, easy-to-read number between 300 and 850 that represents your credit risk to lenders. It’s like an SAT score for the credit industry (higher is better). The lenders take this number and, with a few other pieces of information, such as your salary and age, decide if they’ll lend you money for credit like a credit card, mortgage, or car loan.”

“Second, I want to encourage you to put at least $50 more each month toward any debt you have. Not only is it a psychological victory to know that you’re consciously working to pay off your debt, but you’ll also be able to focus on investing sooner.”

“Seventy-five percent of Americans claim they don’t make major purchases on their credit card unless they can pay it off immediately. Yet from looking at actual spending behaviors, over 70 percent of Americans carry a balance, and fewer than half are willing to reveal their credit card debt to a friend.”

“Astonishingly, of the 125 million Americans who carry a monthly credit card balance, half of them pay only their minimum monthly payments.”

“The key to using credit cards effectively is to pay off your credit card in full every month.”

“It’s time to make sacrifices to pay off your debt quickly. Otherwise, you’re costing yourself more and more every day.”

1. Figure out how much debt you have. You wouldn’t believe how many people don’t do this and continue blindly paying off any bills that come in with no strategic plan.”

2. Decide what to pay off first. Not all debts are created equal. Different cards charge you different interest rates, which can affect what you decide to pay off first.”

“In the Dave Ramsey snowball method, you pay the minimums on all cards, but pay more money to the card with the lowest balance first—the one that will allow you to pay it off first.”

3. Negotiate down the APR. I’m a huge fan of taking fifty-fifty odds if the upside is big and it takes only five minutes of my time. Accordingly, try negotiating down your APR.”

4. Decide where the money to pay off your credit cards will come from.”

“Balance transfers are a confusing process fraught with tricks by credit card companies to trap you into paying more, and the people I’ve known who do this end up spending more time researching the best balance transfers than actually paying their debt off.”

“Reducing spending and prioritizing debt. The most sustainable way to pay off credit card debt is also the least sexy. Unlike balance transfers or HELOC borrowing, it’s not very exciting to tell people you decided to spend less on other things so you could pay off your debt. But it works.”

“Imagine a company that treats customers poorly. They levy onerous fees. They have terrible customer service. They even illegally open accounts on behalf of millions of their customers. What kind of company could this be? The answer? Banks.”

“But guess what? People already know this. They just don’t care. People claim they want good customer service, but really, they just stick with the same old horrible banks for decades.”

“Your checking account is the backbone of your financial system. It’s where your money will first go before it’s “filtered” to different parts of your system, like your savings account, your investing account, and your guilt-free spending. That’s why I believe in picking the best account, then moving on.”

“Think of savings accounts as places for short-term (one month) to mid-term savings (five years). You want to use your savings account to save up for things like vacations and holiday gifts, or even longer-term items, like a wedding or the down payment on a house.”

“If you learn only one thing from this book, it should be to turn your attention from the micro to the macro. Stop focusing on picking up pennies and instead focus on the Big Wins to craft your Rich Life.”

“You might think I’d encourage you to have your checking account and savings account at the same place. Surprisingly, I recommend two different accounts at two separate banks. Here’s why: Having your money in two separate accounts—and banks—uses psychology to keep your savings growing.”

“Unfortunately, I’ve changed my opinion. Their constant navel-gazing (“Let me give you a painstaking explanation of why being member-owned is better . . . wait . . . come back”) instead of delivering solutions and features that my readers actually care about is a disappointment. Credit unions squandered a generational opportunity to position themselves against predatory and scammy banks like Bank of America and Wells Fargo. I hope this changes.”

“Convenience. If your bank isn’t convenient, it doesn’t matter how much interest you’re earning—you’re not going to use it. Since a bank is the first line of defense in managing your money, it needs to be easy to put money in, get money out, and transfer money around. This means its website has to work, and you need to be able to get help when you need it—whether by email or by phone.”

“Do me a favor: If your bank account offers one rate and another bank starts offering a slightly higher rate, don’t change accounts. Half the time, those rates are simply introductory teaser rates that will drop after six months. I’d rather take a slightly lower interest rate if it’s at a bank I can trust to give me great service over the long term.”

“I would not encourage anyone to use a standard Big Bank savings account. Online savings accounts let you earn more interest with lower hassle. And because you’ll be primarily sending money there, not withdrawing it, what does it matter if it takes three days to get your money?”

“Yes, nerds, you might actually have to pick up the phone. For some reason, half of my friends are afraid of talking to people on the phone. I have a friend who recently lost his bank password and, for security reasons, had to call the bank to prove who he was. He turned into a Stockholm syndrome victim in front of my eyes, muttering, “It’s not that important. They’re right. I’ll just wait until I go into the bank” over and over. He didn’t get his password for four months! What the hell is wrong with people? You may not like to talk on the phone, but most of the special deals I’ll show you how to get require talking to someone in person or on the phone.”

“Maybe I’m too demanding, but if I’m lending a bank my money to relend out, I don’t believe I should have to pay them additional fees. Think about it: If your Big Bank charges you a $5 monthly fee, that basically wipes out any interest you earn. This is why I’m fanatical about my savings and checking accounts having no fees of any kind, including monthly fees, overdraft fees, or setup fees.”

“Michael Batnick, author of Big Mistakes: The Best Investors and Their Worst Investments, writes: “The median retirement balance in the United States for people ages 56–61 is $25,000. This could have been accomplished by investing $6 a month since 1980 into a 60/40 portfolio.”

“Financial institutions have noticed an interesting phenomenon: When people enter their forties, they suddenly realize that they should have been saving money all along. As a result, the number one financial concern Americans have is not having enough money for retirement.”

“To bring this close to home, ask your parents what they worry about most. I’ll bet you their answer is, simply, “Money.” Yet we’re not paying much more attention to our finances than our parents did.”

“According to a recent survey of millionaires done by US Trust, “83% of the wealthy say their largest investment gains have come from smaller wins over time rather than taking big risks.”

“American culture doesn’t help us think about investing our money. We see celebrities and Instagram posts that show us the results of being rich, not how to get there. Not surprisingly, as this form of entertainment has become more popular, our attitudes have changed.”

“The American Psychological Association reports that Americans today, compared to the 1950s, seem less happy, even though we eat out twice as much and own two times as many cars. We have so many more toys, like big-screen TVs, smartphones, and microwaves. But that isn’t leading to a more satisfying life.”

“Even higher-income earners don’t handle their money well: About one in four people who make $100,000-plus a year still report living paycheck to paycheck, according to a SunTrust survey.”

“By opening an investment account, you give yourself access to the biggest money-making vehicle in the history of the world: the stock market. Setting up an account is an excellent first step toward actually investing, and you don’t have to be rich to open one.”

Rung 1: If your employer offers a 401(k) match, invest to take full advantage of it and contribute just enough to get 100 percent of the match. A “401(k) match” means that for every dollar you contribute to your 401(k), your company will “match” your contribution up to a certain amount.”

Rung 2: Pay off your credit card and any other debt.”

Rung 3: Open up a Roth IRA (see The Beauty of Roth IRAs) and contribute as much money as possible to it.”

Rung 4: If you have money left over, go back to your 401(k) and contribute as much as possible to it (this time above and beyond your employer match).”

Rung 5: HSA: If you have access to a Health Savings Account (HSA), it can also double as an investment account with incredible tax features that few people know about.

Rung 6: If you still have money left to invest, open a regular non-retirement (“taxable”) investment account and put as much as possible there.”

“401(k) Benefit #1: Using Pretax Money Means an Instant 25 Percent Accelerator. Retirement accounts offer you a deal: You promise to invest your money for the long term, and in exchange, they give you huge tax advantages. Because the money you’re contributing isn’t taxed until you withdraw it many years later (that’s why it’s called “pre-tax money”), you have much more money to invest for compound growth—usually 25 to 40 percent more.”

1. Move it to an IRA. This option is preferred. It lets you “roll over” your 401(k) money into an IRA, which is great, because an IRA gives you more control over where you invest your money, including lifecycle funds and index funds.”

2. Roll your money from the old company’s 401(k) to the new company’s 401(k). This is fine, but if you’ve already had a 401(k), you’ve probably noticed that their investing choices are limited.”

3. Leave it at your current company. This is almost always a bad move, because you’ll forget about it and certainly won’t stay up to date on the investment options and changes offered through the plan.”

4. Cash out the money and pay taxes and a 10 percent early-withdrawal penalty. This is the worst thing you could possibly do. Yet here's an astonishing fact: 50 percent of twentysomethings cash out their 401(k)s when they leave their jobs, taking a huge hit on taxes and fees. Don't do it!"

"What about a Roth 401(k)? Some companies now offer a Roth 401(k), which allows you to contribute after-tax money to a 401(k) instead of pre-tax money like a traditional 401(k). Why would you do this? If you expect your tax rates to be higher later in life, a Roth 401(k) is a great option for you. Two unexpected benefits here: If you use a Roth 401(k), there are no income restrictions, so if you earn too much to contribute to a Roth IRA, a Roth 401(k) is a great way to get after-tax benefits. Also, you can take any Roth 401(k) money and roll it over to a Roth IRA, tax-free, which will give you even more investment options."

"If you offered me the choice to sit in a fiery hell listening to Ariana Grande remixes for 10,000 years or to write about health insurance, I would sigh and reluctantly start bopping my head to "Side to Side." Everyone hates talking about health insurance—which is why I'm not going to write about it here."

"Have you already completed at least the first three rungs of the Ladder of Personal Finance: investing in a 401(k) match, paying off any credit card debt, and maxing out your Roth IRA? If so, read on. If not, skip this section—you're not ready to invest in an HSA yet."

"Do you have a high-deductible health plan? Call your insurance provider or benefits manager (ugh, I know) and ask them this simple question: "Do I have a high-deductible health plan?" If they say no, I give you permission to curse me out for forcing you to make such a call. (Before you hang up, though, ask them if you're eligible for a high-deductible plan. You may want to consider it, especially if you're young and generally healthy.)"

"How an HSA Works 1. You contribute money to your HSA account. This money sits in your HSA, which effectively functions like another checking account—with a few special exceptions. 2. You get a debit card that you can use for "qualified medical expenses," including bandages, chiropractors, eye exams and glasses, and prescriptions. (This is just a small handful of the health-related expenses you can pay for with your HSA card. To see them all, search for "HSA eligible expenses.") 3. Why does this matter? Because the money in your HSA is tax-free, meaning you get to spend money before you pay taxes on it—which can be a discount of 20 percent or more."

4. The real benefit of an HSA comes when you treat it as an investment vehicle. Think about it: If you're contributing thousands of dollars to your HSA but you're not actually getting body scans and new glasses every year, then what are you doing with that money? Most people think it just sits there. But you can invest it. You're taking tax-free money and investing it, and it grows. Tax-free. This is incredible."

"I used to find it ridiculous when people said you could judge a person by their belt or shoes. Are you kidding me? Can I tell what kind of soup you like by the earrings you're wearing? Get the hell out of here. Recently, however, I discovered I was wrong. It turns out there is one universal shortcut to discovering someone's true character: if they eat chicken wings like an immigrant."

"There are people who clean the bone so thoroughly, flawlessly ridding it of every last shred of meat and marrow, that you can conclude only two things: They will be stellar successes in all aspects of life, and they must be from another country. You see, immigrants (like my parents) never leave a shred of meat on a chicken wing—and we can all learn something from them."

"Forget budgeting. Instead, let's create a Conscious Spending Plan. What if you could make sure you were saving and investing enough money each month, and then use the rest of your money guilt-free for whatever you want? Well, you can—with some work."

“You probably wouldn’t approve, but I want to go to the Caribbean.” Huh? Why wouldn’t I approve? I get this sometimes. People find out I write about money and suddenly think I’m going to judge them for how they spend theirs.”

“I asked some personal trainer friends if they get the same comments when they eat out. “Do people apologize for what they order in front of you?” One of them looked at me. “Every time. But I don’t care what they order! I'm just trying to get lunch.”

“If you decide that spending $2.50 on Cokes when you eat out isn’t worth it—and you’d rather save that $15 each week for a movie—that’s not being cheap. That’s consciously deciding what you value. Unfortunately, most Americans were never taught how to consciously spend, which means cutting costs mercilessly on the things you don’t love, but spending extravagantly on the things you do.”

“Too often, our friends invisibly push us away from being conscious spenders. For example, a while back I went to dinner with two friends. One of them was considering getting the new iPhone, and she pulled out her old phone. My other friend stared in disbelief: “You haven’t gotten a new phone in four years? What’s wrong with you?”

“The simple fact is that most young people are not spending consciously. We’re spending on whatever, then reactively feeling good or bad about it. Every time I meet someone who has a Conscious Spending Plan (“I automatically send money to my investment and savings accounts, then spend extravagantly on the things I love”), I’m so enchanted that my love rivals Shah Jahan’s for his wife, Mumtaz Mahal (look it up).”

“For John, the limiting factor is time. He knows he’d never send money regularly anywhere if he had to actively do it himself, so he set up his investment accounts to automatically withdraw money before he ever sees it. The key here is that John knows himself and has set up systems to support his weaknesses.”

“Fixed costs are the amounts you must pay, like your rent/mortgage, utilities, cell phone, and student loans. A good rule of thumb is that fixed costs should be 50 to 60 percent of your take-home pay. Before you can do anything else, you’ve got to figure out how much these add up to. You’d think it would be easy to figure this out, right?”

“Finally, once you’ve gotten all your expenses filled in, add 15 percent for expenditures you haven’t counted yet. Yes, really. For example, you probably didn’t capture “car repair,” which can cost $400 each time (that’s $33/month). Or dry cleaning or emergency medical care or charitable donations. A flat 15 percent will likely cover you for things you haven’t figured in, and you can get more accurate as time goes on.”

“Remember that getting a raise is not about you. It’s about you demonstrating your value to your employer. You can’t tell them you need more money because your expenses are higher. Nobody cares. You can, however, show how your work has been contributing to the company’s success and ask to be compensated fairly.”

“Hi Boss, How are you? Hope you had a great New Year’s! I’m really excited to kick things off this year, especially with our new X and Y projects coming up. I really want to do an exceptional job, and I’d like to chat with you for a few minutes about how I can be a top performer. I have some ideas of my own, but I’d love to get your guidance as well. Would a 15-minute chat next week be okay? If so, how about I swing by your desk Monday morning at 10 a.m.? Thanks, Your Name”

“This takes us to the second way to increase your income. If you find that your existing company doesn’t offer you growth potential, or you’re in the process of getting a new job, negotiating your salary will never be easier. During the job hiring process, you have more leverage than you’ll ever have.”

“One of the best ways to earn more is to start freelancing. A simple example is becoming an Uber driver, but go deeper. Think about what skills or interests you have that others could use. You don’t necessarily have to have a technical skill. Babysitting is an example of freelancing (and it pays very well).”

“Unexpected one-time income. Sometimes money falls in your lap, like a birthday gift, a tax return, or an unexpected freelance contract. Believe it or not, I don’t encourage you to save all of this money. Instead, whenever I receive money I didn’t expect, I use 50 percent of it for fun—usually buying something I’ve been eyeing for a long time.”

“Raises. A raise is different from one-time income because you’ll get it consistently, and it’s therefore much more important to do the right thing financially. There’s one key thing to remember when you get a raise: It’s okay to increase your standard of living a little—but bank the rest.”

“That’s why I love systems: You front-load the work now, then you get to benefit for years and years. By investing a little now, we don’t have to invest a lot later. Of course, that’s easier said than done.”

“Nobody really cares about managing their money. Hell, I don’t even care. Get away from me, endless mailings from banks and investment accounts. Your money management must happen by default.”

“Now that you see how it works, it’s time to implement your Automatic Money Flow. You’ll start by linking all your accounts together. Then, you’ll set up automatic transfers to happen on various days. Below, I’ll assume that you’re paid once per month, but I’ll also cover slight tweaks to implement if you’re paid biweekly or if you’re a freelancer who’s paid irregularly.”

“Americans love experts. We feel comforted when we see a tall, uniformed pilot behind the controls of a plane. We trust our doctors to prescribe the right medications, we’re confident that our lawyers will steer us right through legal tangles, and we devour the words of the talking heads in the media. We’re taught that experts deserve to be compensated for their training and experience. After all, we wouldn’t hire someone off the street to build a house or remove our wisdom teeth, would we?”

“Nobody can predict where the market is going. Still, the talking heads on TV make grandiose predictions every day, and whether they’re right or wrong, they’re never held accountable for them. The media feeds off every little market fluctuation. One day, the pundits spread gloom and doom about a multi-hundred-point loss in the market. Then, three days later, the front page is filled with images of hope and unicorns as the market climbs 500 points. It’s riveting to watch, but step back and ask yourself, “Am I learning anything from this? Or am I just being overwhelmed by information about the market going up one day and down another?”

“Companies rely on something called survivorship bias to obscure the picture of how well a company is doing. Survivorship bias exists because funds that fail are not included in any future studies of fund performance for the simple reason that they don’t exist anymore.”

“In The Smartest Investment Book You’ll Ever Read, Daniel Solin cites a study conducted by Professor Edward S. O’Neal from the Babcock Graduate School of Management (now the Wake Forest School of Business). O’Neal tracked funds whose sole purpose was to beat the market. What he discovered was that from 1993 through 1998, less than half of these actively managed funds beat the market. And from 1998 through 2003, only 8 percent beat the market.”

“The test of a real automatic investor is not when things are going up, but when they are going down. For example, in October 2018, the stock market dropped and one of my investment accounts decreased by more than $100,000. I did what I always do—kept investing, automatically, every single month.”

“FatFire: People who want to be financially independent and retire early, but live an extravagant lifestyle. Think of flying first class and staying at the Four Seasons, or putting three kids through private school.”

“LeanFire: People who want to live a “lean” life, often on around $30,000 per year. They are likely doing fun things like going for walks in the park and bird-watching.”

■ FIRE: Financial Independence + Retiring Early. Think of someone who retires in their thirties and will technically never have to work again because their investments cover their annual living expenses, every year, forever.
■ RE: Retiring Early, often in your thirties or forties
■ FI: Financial Independence. Where you’ve earned enough that your investments will pay for your life in perpetuity

“Cash is the safest part of your portfolio, but it offers the lowest reward. In fact, you actually lose money by holding cash once you factor inflation in.”

“If you’re older, retirement is coming up within a few decades and you’ll want to tamp down your risk. Even if the market tanks, you have control over your asset allocation. If you’re older—especially if you’re in your sixties or older, for god’s sake—a sizable portion of your portfolio should be in stable bonds.”

“Bonds aren’t really for young people in their twenties. If you’re in your twenties or early thirties and you don’t necessarily need to reduce your risk, you can simply invest in all-stock funds and let time mitigate any risk. But in your thirties and older, you’ll want to begin balancing your portfolio with bonds to reduce risk. And what if stocks as a whole don’t perform well for a long time? That’s when you need to own bonds to offset the bad times.”

“As a financial adviser once told me, “Once you’ve won the game, there’s no reason to take unnecessary risk.”

“First, if you’re trying to make a quick buck off investing, you’ll usually lose money, because you have no idea what will happen in the near future. Anyone who tells you they do is a fool or a commission-based salesman. Second, you should own different categories of stocks (and maybe bonds) to balance out your portfolio.”

“Thirty years from now, you’re going to need to invest very differently from how you do today. That’s just natural: You invest much more aggressively in your thirties than in your sixties.”

“Index funds are simply collections of stocks that computers manage in an effort to match the index of the market.”

“Over the long term, the stock market has always gone up. As a bonus for using index funds, you’ll anger your friends in finance because you’ll be throwing up your middle finger to their entire industry—and you’ll keep their fees for yourself. Wall Street is terrified of index funds and tries to keep them under wraps with increased marketing of mutual funds and nonsense like “5-star funds.”

“Target date funds are simple funds that automatically diversify your investments for you based on when you plan to retire. (Let’s assume you’ll retire at age 65 throughout this book.) Instead of you having to rebalance stocks and bonds, target date funds do it for you.”

“The interest rate on most student loans these days is similar to what you’d get in the stock market, so frankly your decision will be a toss-up. All things being equal, the money you stand to make by investing is about the same amount that you’ll pay out in interest on your student loan, so basically it’s a wash. It won’t really matter whether you pay off your student loans or invest, because you’ll get roughly the same return. Except for two things: compound interest and tax-advantaged retirement accounts. When you invest in your twenties and early thirties, you get huge benefits from compound interest.”

“We ended up seeing a counselor who helped us navigate the tricky emotional issues of money. Imagine getting new conversational tools to talk about your hopes for money, your fear of money, your pride in money, and ultimately what your marriage will be about.”

“Fundamentally, there are two ways to get more money. You can earn more or you can spend less. Cutting costs is great, but I personally find increasing earnings to be a lot more fun.”

HOW TO NEGOTIATE YOUR SALARY

1. Remember that nobody cares about you. Most new employees come to the table talking about how much they want to make. To be totally honest, as a hiring manager, I don’t really care what you want to make. Personally, I’d like to be fed octopus ceviche on command. So what? When you’re negotiating, remember this: When it comes to you, your manager cares about two things—how you’re going to make him or her look better, and how you’re going to help the company do well.”

Negotiating tactic: Always frame your negotiation requests in a way that shows how the company will benefit.”

2. Have another job offer—and use it. This is the single most effective thing you can do to increase your salary. When you have another job offer, your potential employers will have a newfound respect for your skills. People like others who are in demand.”

3. Come prepared (99 percent of people don’t). Don’t just pick a salary out of thin air. First, visit salary.com and payscale.com to get a median amount for the position. Then, if you can, talk to people currently at the company (if you know someone who has recently left, even better—they’ll be more willing to give you the real information) and ask what the salary range really is for the job. Finally—and this is important—bring a plan of how you’ll hit your goals to the negotiating session.”

4. Have a toolbox of negotiating tricks up your sleeve. Just as in a job interview, you’ll want to have a list of things in your head that you can use to strengthen your negotiation. Think about your strong points and figure out ways you might be able to bring them to the hiring manager’s attention.”

5. Negotiate for more than money. Don’t forget to discuss whether or not the company offers a bonus, stock options, flexible commuting, or further education.”

6. Be cooperative, not adversarial. If you’ve gotten to the point of negotiating a salary, the company wants you and you want them.”

7. Smile. I’m not joking. This is one of the most effective techniques in negotiation.”

8. Practice negotiating with multiple friends. This sounds hokey, but it works better than you can imagine.”

9. If it doesn't work, save face. Sometimes the hiring manager simply won't budge. In that case, you need to be prepared to either walk away or take the job with a salary that's lower than you wanted. If you do take the job, always give yourself an option to renegotiate down the line—and get it in writing."

ADDITIONAL IDEAS

2. Don't make the first offer. That's their job. If they ask you to suggest a number, smile and say, "Now come on, that's your job. What's a fair number that we can both work from?"

3. If you've got another offer from a company that's generally regarded to be mediocre, don't reveal the company's name. When asked for the name, just say something general but true, like "It's another tech company that focuses on online consumer applications." If you say the name of the mediocre company, the negotiator is going to know that he's got you. He'll tear down the other company (which I would do too), and it will all be true. He won't focus on negotiating, he'll just tell you how much better it will be at his company. So withhold this information.

4. Don't ask "yes" or "no" questions. Instead of "You offered me fifty thousand dollars. Can you do fifty-five thousand?" say, "Fifty thousand dollars is a great number to work from. We're in the same ballpark, but how can we get to fifty-five thousand?"

5. Never lie. Don't say you have another offer when you don't. Don't inflate your current salary.