



January 2021

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Recommended Citation

Stanford, Tanner (2021) "Book Review: I Will Teach You to be Rich, by Ramit Sethi," *Marriott Student Review*. Vol. 4 : Iss. 4 , Article 10.

Available at: <https://scholarsarchive.byu.edu/marriottstudentreview/vol4/iss4/10>

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4/8/21

Book Review: *I Will Teach You to Be Rich* by Ramit Sethi

“I will teach you to be rich.” Those seven words would intrigue anyone. Some people may be skeptical of this statement, but that skepticism would likely preclude their learning how to better manage their personal finances. Ramit Sethi, author of the book with this title and the “New Finance Guru” as proclaimed by FORTUNE, does not give secret stock tips or advice on which career will manifest the most earnings. In fact, readers will find that most of what he discusses makes simple sense and that they may already be following some of his financial recommendations. This simplicity is exactly what a lot of people need.

After all, financial illiteracy is common among college students, which makes them an audience that could benefit from learning and implementing his six steps. These steps provide a way to become financially literate and, if followed, could put you well on your way to becoming rich.

Step 1: Control credit card spending. Credit cards are an amazing tool for getting money back or earning miles for traveling, but if you are not careful in paying off the cards each month, the mounting debt will crush you.

Step 2: Open the right bank accounts. This can earn you high interest and help you avoid paying yearly fees.

Step 3: Start investing, even if it’s only a few dollars a week. Simply putting money away for retirement won’t be enough. Have your money work for you smartly by opening a 401(k) or Roth IRA.

Step 4: Spend your money wisely, but don’t be paralyzed by frugality. Cut back spending on things you don’t need, but do spend on what you love.

Step 5: Automating your accounts. By programming a certain percentage of money to be taken out of your paycheck and placed in your savings account or used to automatically pay off your credit cards, you eliminate the human error of forgetfulness, allowing you to save money as you sleep.

Step 6: Invest more aggressively. Choosing a good mutual fund and diversifying your portfolio allows you even more freedom as your money continues to work for you.

Everyone has different definitions of “rich.” For some, it is living in an extravagant mansion and having a private jet. For others, it’s simply not having to live paycheck to paycheck. Regardless of how you view being rich, the first step is becoming financially literate. *I Will Teach You to Be Rich* is an excellent guide for people who want to better understand money but do not know where to start. Sethi provides action items for all six steps (one step per week), and after six weeks of following them, you will be financially literate and well on your way to becoming rich.