

The Four Elements of Personal Finances

Everything in the universe can be broken down into one of four elements: Fire, Water, Air and Earth. But did you know there is a financial equivalent of these elements? And just as in nature, any one of these elements can cause havoc if we aren't properly prepared. Here's how to guard yourself against the financial equivalents of fires, floods, earthquakes and hurricanes.



THE ELEMENT OF FIRE

Cigarettes

It is common knowledge that smoking cigarettes have harmful effects on our bodies, but if that doesn't bother you too much, have you considered how they burn the contents of your wallet? An average pack of cigarettes costs roughly R40. Let's say you smoke 5 packs per week.

R40 * 5 = R200 per week

R200 * 4 = R800 per month

R600 * 12 = R9 600 per year

Imagine if you could save that money instead?



THE ELEMENT OF WATER

Alcohol

It's often called the devil's water, for good reason. How do after-work drinks affect your wallet? The revised sin tax levy has also resulted in the increased price of all alcoholic beverages: beer, cider, wine, and spirits. The temporary buzz you may experience from your drink may have a long-term impact on your savings. A bottle of mid-range wine costs on average R60. Let's say you drink 2 bottles per week.

R60 * 2 = R120 per week

R120 * 4 = R480 per month

R480 * 12 = R5 760 per year

Why not save your liver and your money, and have a cup of tea instead?



THE ELEMENT OF AIR

Fast foods and sweet snacks that won't fill you up for very long

There is a reason why fast foods, sweets and unhealthy snacks are called empty calories. Although they may taste good, they often add little or no nutritional value to our bodies.

They don't keep you full, which often results in your body seeking more food to try and replenish the nutrients that it needs.

On top of that, we may be gaining a few extra unnecessary centimetres around our waists, while our wallets get thinner and emptier.

By reducing the unhealthy snacks and foods you eat, you will not only be saving on cash: your body will thank you for it too.



THE ELEMENT OF EARTH

Renting instead of buying

At some point in our lives, we will face the question of whether to continue renting or to buy our own piece of land to call home. Although this decision is largely determined by our financial circumstances, here are a few reasons why buying may be better than renting.

Renting	Buying
Renting is cheaper over the short term only.	Buying is much cheaper over the long term.
You will continue to pay rent after retirement, which increases with inflation each year.	No rental expenses after your home is paid off.
Your place is never your own and you can never make permanent adjustments to the property.	You can make your house your home and adjust your home however you like to suit your personal tastes.