

**Media Release**  
**Actuarial Society of South Africa**  
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**The real cost of spending is your valuable time**

If your employer gave you the choice of working unpaid overtime of four hours a month in return for a free cappuccino every working day, would you take the deal? At face value four hours a month might not seem that much, but over a year you would have sacrificed 48 working hours or 6 working days of your life for that daily cappuccino.

Costa Economou, convenor of the Retirement Matters Committee of the Actuarial Society of South Africa, says that while most people will carefully weigh up the benefits when asked to sacrifice their time for free, many do not consider the time it takes to earn the money needed to fund various expenses.

Let's start with that daily cappuccino. If you are earning around R25 000 a month after tax and you work an eight-hour job over 252 working days a year, your hourly earnings rate post-tax is approximately R149. Economou says translated into time, this means that your daily cappuccino priced at R28 costs you around 11 minutes of work a day. This equates to just under one hour a week or around four hours a month.

According to Economou, consumers who end up in a debt spiral are often those who do not equate the value of money with the value of time.

"You are unlikely to gift your employer two full working days a year for a cup of coffee every day. Yet, you are unwittingly willing to sacrifice those working hours, because you have not attached a financial value to this time."

In the month of February there are exactly 20 office days, which means 20 cappuccinos. Economou points out that by the end of this month, you would have spent R560 on those daily cappuccinos for which you worked for four hours. While this may seem insignificant to some, he says this example relates to only one expense.

If you add to that other "nice to have expenses" like take-away pizza, dinner with the family at a restaurant and a pair of expensive jeans, you will have spent 17 hours, or just over two working days, to cover those expenses.

Below follow some more examples of how much time you would need to work to pay for certain expenses. These examples are based on a monthly salary of R25 000. If your monthly salary is half that, you need to double the amount of time in the examples. If you earn double that amount the number of hours worked needs to be halved.

<b>Expense</b>	<b>Rand value</b>	<b>Approximate time value</b>
Take-away pizza	<b>R135</b>	54 minutes
Dinner for a family of four	<b>R700</b>	4.7 hours (half a working day)
Brand name Jeans	<b>R1 000</b>	7 hours

Smart TV	<b>R7 000</b>	47 hours (almost 6 working days)
iPhone 11	<b>R15 000</b>	100 hours (12.5 working days)
Monthly mobile phone contract over 24 months (iPhone 11 64GB)	Monthly payment of R1 150 = total cost of <b>R27 600</b>	8 hours a month
Monthly rent	<b>R8 500</b>	57 hours (7 working days) per month
A new entry level car	R250 000 financed over 60 months with no deposit and an interest rate of 13% = monthly repayments of R5 784.74. Total repayment = <b>R347 084.56</b>	1 680 hours (210 working days)
3-bedroom house.	Purchase price of R1.8 million repaid over 20 years (no deposit, 9.75% interest rate). Monthly repayment = R17 073. Total repayment = <b>R4.1 million.</b>	12 096 hours (1 512 working days or six years)

Economou says working hours spent on earning the money required to fund the various expenses take on even more value if you consider what you could have done with this time, like spending time with a loved one, participating in a sporting activity that you enjoy, reading a book, watching a movie with the family, or learning a new skill.

He acknowledges that swapping time for money is unavoidable for anyone who has to earn an income. However, he adds, being more aware of just how much of your valuable time you exchange for various expenses will hopefully encourage you to become more discerning in your choices.

“If that daily cappuccino is what you need to make you more productive and you are willing to sacrifice the time, have that cup a day. But make an informed decision.”

Economou says hours worked to fund a home, an education, a family holiday and ultimately a financially secure retirement are most likely worth the sacrifice. He adds, however, that hours worked to fund credit card repayments and other costly short-term loans are rarely worth your valuable time.

## **Ends**

### **To set up interviews please contact:**

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**Issued on behalf of:**

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Actuarial Society of South Africa

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