Optionality: The Hidden Benefit of Savings

What if saving money isn't just about buying a house or retiring comfortably? What if it's about buying **freedom**? In his latest podcast, Morgan Housel, author of The Psychology of Money, argues that a high savings rate creates **optionality,** the power to shape your life on your terms.

Why Save Without a Plan?

Traditional financial advice focuses on goals: save for a car, a house or retirement, but Housel challenges this, urging us to save even when we don't know what for. Savings without a specific purpose **gives you flexibility**—the ability to act when opportunities or challenges arise.

"Savings without a spending goal gives you options and flexibility, the ability to wait and the opportunity to pounce."

Savings = Control Over Your Life

Housel redefines wealth not as a dollar amount but as **control over your time**. Imagine quitting a toxic job without financial stress or taking a year to travel because your savings allow it. With enough saved, you're free to choose what serves you best.

"The ability to do what you want, when you want, with who you want, for as long as you want, is priceless."

The Ultimate Benefit: Resilience

In an unpredictable world, liquid savings can be a lifeline. They let you pivot during life's surprises, whether it's a job loss or a dream opportunity. As Housel notes, having **choices is a very valuable currency** today.

"Having more control over your time and options is becoming one of the most valuable currencies in the world."

Conclusion

So while focused saving for specific goals and in particular for retirement, should always be a top priority, it's the **optionality** that it brings that has the real value.

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If you have any questions, Ian and our team would love to hear from you on global@seedinvestments.co.za.

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