GREYSCIENX / HOUSEHOLD FINANCE

The First Three Years Advantage

How much can three boring years in your twenties change the next forty?

R602k	R3.32m	54
CENTRAL AGE-25 ADVANTAGE	CENTRAL AGE-60 DIFFERENCE	STRATEGY-CITY-SALARY CASES

GreyScienx | Research publication | September 2026 | Constant 2026 rand

Inside the note

A map of the argument, model, evidence, and qualifications.

PART I

The answer

PART I: The answer

Three restrained years can buy decades of financial room, but only when the household bargain is safe and fair

There is a moment after a first proper salary arrives when adulthood seems to demand a visible upgrade. The room in the family home starts to feel temporary. The old commute feels beneath the new job. A financed car, a deposit on a flat, furniture, insurance, food and the small rituals of independence arrive together. None of these choices is frivolous. They buy privacy, mobility, dignity, relationships, safety and control over time.

They also land at almost the worst possible moment for compound growth. At age 22, capital has nearly four decades to reproduce. A cost avoided at 57 has three years. A cost avoided at 23 has thirty-seven.

This paper models six ways of navigating the first three working years in South Africa. The central case is a 22-year-old in Johannesburg earning R420,000 a year before tax in 2026 prices. The person can move out and finance a R230,000 used car immediately, delay both decisions by one, two or three years, or separate the household and vehicle decisions. While living at home the person contributes to the household. While delaying the car the person uses a public-transport and ride-hailing mix. At age 25 every path transitions to independent living and car ownership; from then on the model gives each path the same salary trajectory, 10% retirement saving rate and 5% real investment return.

The result is not subtle. In the central scenario, moving out and buying the car immediately leaves a modeled R49,000 funding shortfall at age 25. Delaying both for three years leaves R553,000 of net capital after the eventual moving and vehicle deposits. The difference is R602,000 at age 25. If preserved in the common post-25 investment path, it becomes R3.32 million of additional wealth at age 60, in constant 2026 rand.

That is not a forecast. It is a counterfactual with a deliberately hard boundary. It says: if two otherwise identical lives differ only in how they fund housing and transport between 22 and 25, the early cost gap can remain economically visible at 60. The result does not say that every graduate can live at home, should live at home, has a safe family home, can reach work without a car, or values independence at zero.

GREYSCIENX / CENTRAL SCENARIO

Three years creates a gap that compounding preserves

Middle-salary Johannesburg scenario; total modeled financial wealth in constant 2026 rand.

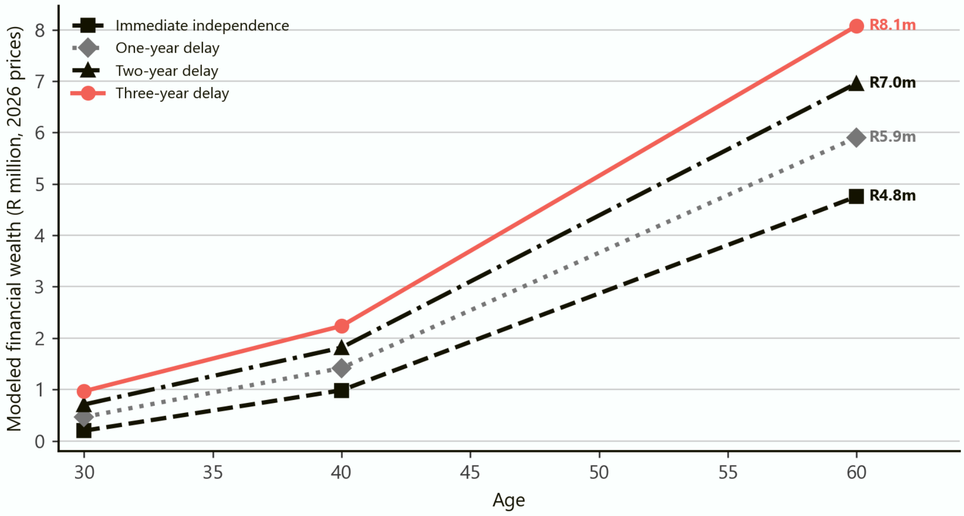

Figure 1. Total modeled financial wealth includes the common post-25 retirement saving path. The vertical distance between lines is the first-three-years advantage carried forward, not a forecast of an actual person's complete balance sheet.

Central finding. In the middle-salary Johannesburg case, a three-year combined delay creates R602,000 more net capital at age 25 and R3.32 million more modeled wealth at age 60 than immediate solo renting plus a financed car. Most of the gain comes from the housing decision. The result is large because the immediate bundle is barely affordable, not because investment returns perform magic.

The central comparison

Strategy	Move	Car	Wealth 30	Wealth 40	Wealth 60
Immediate independence	Year 0	Year 0	R0.20m	R0.98m	R4.75m
One-year delay	Year 1	Year 1	R0.46m	R1.42m	R5.91m
Two-year delay	Year 2	Year 2	R0.71m	R1.82m	R6.96m
Three-year delay	Year 3	Year 3	R0.97m	R2.24m	R8.08m
Home plus earlier car	Year 3	Year 1	R0.86m	R2.05m	R7.59m
Home plus delayed car	Year 3	Year 3	R0.97m	R2.24m	R8.08m

The final two rows intentionally reproduce the brief's requested strategies. In this implementation, “three-year delay” and “home plus delayed car” have identical dates and therefore identical results. Their duplication is a useful audit check, not a hidden extra scenario.

The absolute balances in the table deserve care. They combine the strategy-created capital at 25 with a common stream of retirement saving equal to 10% of gross salary thereafter. They do not model every future wedding, child, job loss, inheritance, house purchase or retirement-fund rule. The robust quantity is the gap between strategies. The level is a scale illustration.

Eight findings

First, affordability comes before compounding. The immediate middle-income bundle produces a small shortfall at 25. The lower-salary bundle produces a R463,000 shortfall. In those cases, delay first prevents expensive negative wealth. Only then does compound growth amplify the difference.

Second, housing dominates transport in the central case. Keeping the car decision immediate but staying at home for three years creates R486,000 more capital by 25. Moving out immediately but delaying the car creates R128,000. These effects overlap slightly when combined because interest on positive and negative balances differs.

Third, each year matters. Relative to immediate independence, the one-year combined delay adds about R209,000 at 25, the two-year delay R400,000 and the three-year delay R602,000. The progression is close to linear in cash but convex in long-run wealth because earlier surpluses earn returns and avoided deficits stop accruing debt costs.

Fourth, Cape Town raises the stakes. In the middle-income case, the three-year combined advantage at 60 is R4.06 million in Cape Town, compared with R3.32 million in Johannesburg and R3.32 million in Durban under the chosen rent scenarios. This is not a ranking of city welfare. It reflects the higher assumed rent avoided before age 25.

Fifth, a cheaper shared flat changes the headline but not the direction. Reducing Johannesburg rent by 30% cuts the age-25 advantage from R602,000 to R482,000. That is still R2.66 million at age 60 under a 5% real return. Shared housing is therefore a powerful middle path.

Sixth, ride-hailing is not automatically cheap. In the central hybrid design, a financed used car becomes cheaper on monthly private cost only above roughly 2,405 kilometres a month. A 25% ride-hailing surge lowers that threshold to about 1,585 kilometres. Safety, shift work, waiting and inaccessible routes can move the practical threshold much further.

Seventh, family contributions can erase the household advantage. The modeled three-year home-only advantage disappears at a contribution of roughly R15,900 a month in the middle-income Johannesburg case. A contribution below that can still be financially valuable while transferring meaningful resources to the household. A contribution above it may still be the right family choice, but it is no longer a private wealth strategy.

Eighth, financial wealth is not total welfare. The central housing delay is worth about R13,500 a month in age-25 capital terms. That number is a break-even price for privacy, autonomy, safety, a shorter commute and relationship space. If independence is worth more than that to the individual, moving earlier can be rational even while producing less financial wealth.

PART II

What the model actually compares

PART II: What the model actually compares

A controlled counterfactual, not a biography

Lifetime models often become novels disguised as spreadsheets. They invent promotions, spouses, children, property booms and stock-market paths, then report the result to the nearest rand. This model takes the opposite approach.

It models the first 36 months in monthly detail. Salary, income tax, household contribution, rent, utilities, food, personal spending, transport, moving costs, rental deposits, vehicle finance, vehicle depreciation and investment or debt interest are all explicit. At month 36, every strategy has moved out and acquired the modeled car. The net position at that boundary is the strategy-created capital.

From age 25 onward, the model stops distinguishing lifestyles. Each representative worker follows the same real salary growth, saves 10% of gross income a year and earns the same real return. This design gives up predictive richness to gain causal clarity. When the age-60 balances differ, they differ because of the first three years.

The model starts at age 22 and reports ages 30, 40 and 60. Money is expressed in constant 2026 rand. Inflation does not disappear; it is removed from both cash flows and returns so that a future rand means the purchasing power of a 2026 rand.

The three layers of evidence

The input file separates three kinds of number.

Sourced observations anchor the scale. The 2026/27 SARS tax brackets and primary rebate determine take-home pay. Stats SA's latest labour-market report provides earnings medians. PayProp's Q1 2026 Rental Index anchors rent. The SARB policy rate and inflation target anchor borrowing assumptions. SARS's 2026/27 vehicle-cost schedule checks whether the modeled used-car cost is in a plausible range. Stats SA's residential property price index informs, but does not dictate, the property sensitivity.

Modeling assumptions turn those anchors into a coherent household budget. These include the exact starting salaries, one-bedroom city rents, household contribution rule, hybrid transport mix, vehicle deposit and finance rate, retirement saving rate and real returns.

Illustrative scenarios are questions, not claims: what if rent is 30% lower, the vehicle costs R160,000, the person attends the office 26 days a month, or training lifts earnings by 5% for five years?

This separation matters because the evidence is uneven. SARS can tell us the tax schedule. It cannot tell us what privacy is worth. PayProp can observe rental transactions. It cannot define a representative graduate's flat. The model should not borrow the authority of a source for a choice the source never made.

The earnings cases

Stats SA reports that the median monthly earnings of all employees were R6,000 in 2024, while managers and professionals each had a median of R25,000 and technicians R20,000. It also warns that medians describe a highly unequal labour market better than averages. Statistics South Africa, Labour Market Dynamics in South Africa 2024.

The paper therefore does not call its three salary paths national percentiles. They are illustrative full-time starting salaries for a worker considering urban independence:

Scenario	Annual gross	Monthly gross	Role in model
Lower	R240,000	R20,000	Independence bundle is structurally unaffordable
Middle	R420,000	R35,000	Central comparison
Higher	R720,000	R60,000	Delay remains material but affordable choices widen

Salary grows 3% a year in real terms during the early career and 1.5% thereafter. Those are assumptions. The 2026/27 income-tax schedule is held constant in real terms. SARS's first bracket ends at R245,100, the primary rebate is R17,820 and the under-65 tax threshold is R99,000. SARS, Guide for Employers in Respect of Employees' Tax 2027.

The city cases

PayProp reports a national average rent of R9,582 in Q1 2026, Gauteng at R9,600, and the Western Cape above R12,000 after 7.4% annual growth. The data come from processed rental transactions and are provincial averages, not one-bedroom asking rents in specific neighbourhoods. PayProp, Rental growth rebounds in Q1 2026.

The model uses R9,600 for Johannesburg, R12,500 for Cape Town and R9,400 for Durban. These are deliberately transparent city scenarios, not estimated city means. Utilities range from R2,200 to R2,400 a month, groceries from R3,800 to R4,000, and household goods are R1,200. A one-month rental deposit remains an asset; R32,000 of moving, furniture and appliance setup is consumed.

City scenario	Rent	Other housing basics	Property scenario
Johannesburg	R9,600	R7,200/month	R1.4m
Cape Town	R12,500	R7,500/month	R1.8m
Durban	R9,400	R7,400/month	R1.2m

The property prices are illustrative. Stats SA reported national residential property inflation of 7.9% in April 2026, with Cape Town at 11.0% and Johannesburg at 5.4%. The model refuses to extrapolate those recent rates for thirty-five years; its property-use scenario assumes only 1.5% real appreciation. Statistics South Africa, Residential Property Price Index, April 2026.

The vehicle and hybrid transport cases

The car is a R230,000 used vehicle with a 10% deposit, 60-month finance at 11.5%, R1,400 monthly insurance and R680 for parking and licensing. Fuel and maintenance vary with distance. Depreciation is 18% in the first year and 12% thereafter.

The scale check is SARS's 2026/27 travel-cost table. For a vehicle above R115,000 and up to R230,000, SARS specifies R68,487 in annual fixed cost, 148.4 cents a kilometre for fuel and 61.4 cents for maintenance. Its simplified business reimbursement rate is R4.95 a kilometre. These are tax-administration values, not a promise of an individual's actual cost, but they make an unusually useful public benchmark. SARS, 2026/27 eLogbook and rate-per-kilometre schedule.

The hybrid case combines a R1,400 public-transport pass, R350 family-vehicle contribution and ride-hailing for 35% of kilometres at R12 a kilometre. The central person travels about 640 kilometres a month: a 15-kilometre one-way commute on 13 office days plus 250 personal kilometres. Every one of those hybrid inputs is an assumption. Actual public transport is route-specific, and ride-hail fares vary by city, time, safety conditions and surge pricing.

GREYSCIENX / FIRST 36 MONTHS

Housing delay dominates the central case

Net strategy-created capital at age 25, after moving and vehicle purchase transitions.

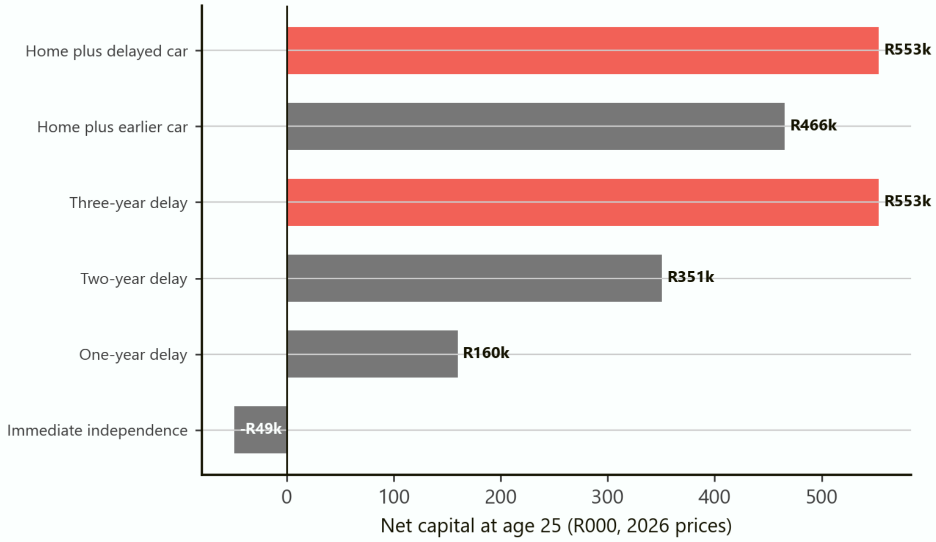

Figure 2. Capital includes the financial balance, rental deposit and net vehicle equity at the age-25 transition. A negative balance is a modeled funding shortfall, not an assertion that a bank would extend unsecured credit on these terms.

PART III

Where the advantage comes from

PART III: Where the advantage comes from

The household decision is a large recurring spread

In the central case, independent housing basics before personal spending cost R16,800 a month: R9,600 rent and R7,200 for utilities, groceries and household goods. At home, the contribution is 12% of take-home pay, bounded between R2,500 and R6,000, plus R1,200 of personal food and services.

That is not “free rent.” In the first year the middle-income worker contributes roughly R3,500 to the household, then pays personal costs and transport. The model gives this transfer full weight as a private cost. From the family's perspective it is income, bill sharing or reciprocity. Household wealth can improve even when the young worker's individual balance falls.

Staying home for three years while buying the car immediately creates R486,000 more net capital at 25 than immediate independence. The result is less than three years of rent avoided because the at-home contribution, higher balance earnings, delayed moving cost and rental deposit all interact.

The contribution break-even is about R15,900 a month. Below it, the modeled home arrangement preserves more individual capital than the solo flat. Above it, the household transfer uses up the private financial advantage. The threshold should not be read as a fair-rent recommendation. Families differ in income, debt, caregiving, space and culture. It is a diagnostic: write down the contribution before declaring the arrangement “free.”

The transport decision is smaller, but still meaningful

Delaying the car for three years while moving out immediately creates R128,000 more capital at 25 in the central case. The hybrid strategy avoids the deposit, finance instalment, insurance and depreciation but still pays substantial ride-hailing and public-transport costs.

The advantage is sensitive to distance because car cost has a large fixed component while ride-hailing is highly variable. At low monthly kilometres, owning an underused financed asset is expensive. At high kilometres, ride-hailing becomes the expensive option.

GREYSCIENX / TRANSPORT BREAK-EVEN

Distance determines whether car-later still works

Monthly private cost; hybrid means a public-transport pass plus ride-hailing for 35% of kilometres.

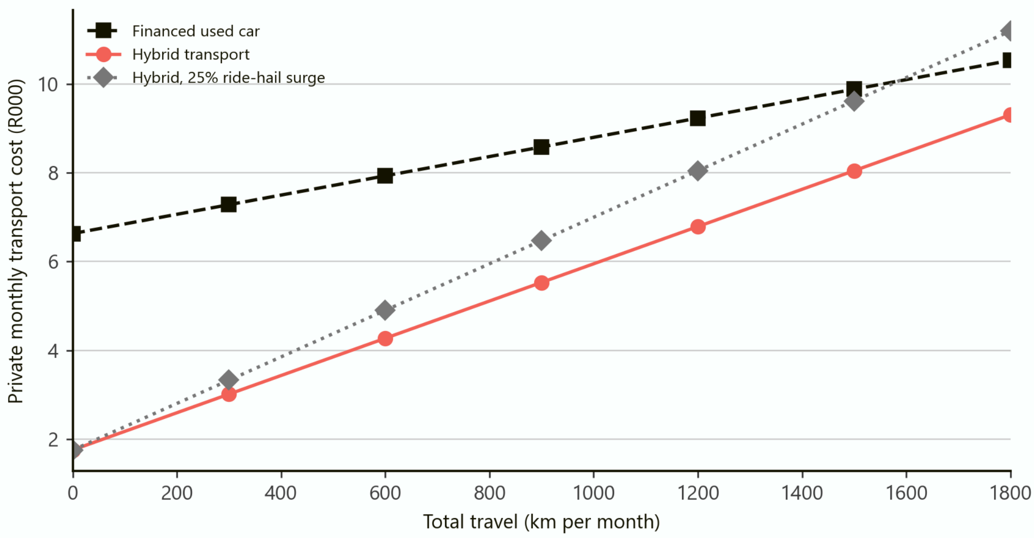

Figure 3. The break-even compares private monthly money cost, not safety, reliability, travel time, job access or the option value of a car. A person can rationally choose the higher-cost mode when those benefits are large.

Under the central mix, the curves cross at about 2,405 kilometres a month. With a 25% ride-hailing surge, they cross at about 1,585 kilometres. A worker travelling only 640 kilometres a month has substantial room before the car wins on money cost. A worker visiting sites, doing shifts, carrying equipment or taking family members across the city may cross it easily.

Work from home changes the result, but less than the housing decision. Moving from eight to twenty-six office days a month reduces the combined age-25 advantage from R613,000 to R574,000. The decline is modest because both strategies still have personal travel and because the central home location does not automatically add commute distance. When the family home is far from work, users should add those kilometres explicitly.

The first-years advantage is not just “compound interest”

The central age-25 gap has four sources.

- Lower recurring living cost while at home.
- Lower recurring transport cost while car ownership is delayed.
- Moving and vehicle deposits occur later.
- Positive balances earn returns while negative balances incur debt costs.

The last mechanism is important. A person who can comfortably afford immediate independence still gives up early capital. A person who cannot afford it creates a shortfall, and the model charges that balance a 10% real rate. This makes the lower-salary advantage larger than the higher-salary advantage in absolute terms. That counterintuitive result is a warning about fragility, not an argument that lower earners have more opportunity.

For the lower salary, immediate independence leaves a R463,000 shortfall at 25 and only R315,000 of modeled wealth at 60 after the common saving path. The three-year strategy reaches positive capital of R208,000 at 25 and R4.02 million at 60. The R3.70 million difference is dominated by avoiding an infeasible early bundle.

For the higher salary, both paths remain positive. Immediate independence reaches R540,000 at 25 and R11.59 million at 60. The three-year strategy reaches R1.05 million and R14.41 million. The R2.82 million difference remains large, but it is a choice between two solvent paths.

Salary case	Immediate capital 25	Delay capital 25	Difference at 60
Lower	-R463k	R208k	R3.70m
Middle	-R49k	R553k	R3.32m
Higher	R540k	R1.05m	R2.82m

Why R100,000 at 23 is not R100,000 at 33

At a 5% real return, R100,000 preserved at age 23 becomes about R612,000 at age 60. The same R100,000 first saved at 33 becomes about R373,000. The ten-year delay costs roughly R239,000 of age-60 purchasing power.

At 3% real, the two values are about R299,000 and R222,000. At 7% real, they are about R1.22 million and R621,000. The return assumption changes the magnitude but not the ordering.

The phrase “compound interest” can make this sound passive and guaranteed. It is neither. A 5% real return is a long-run planning assumption for a diversified investment, before individual taxes and fees. Actual returns are volatile. The behavioral challenge is equally important: the money must remain capital. If the early surplus becomes a more expensive car at 26, there is no forty-year advantage to compound.

GREYSCIENX / REAL-RETURN SENSITIVITY

Returns amplify the gap; they do not create it

Age-60 advantage of three-year combined delay, middle-salary Johannesburg scenario.

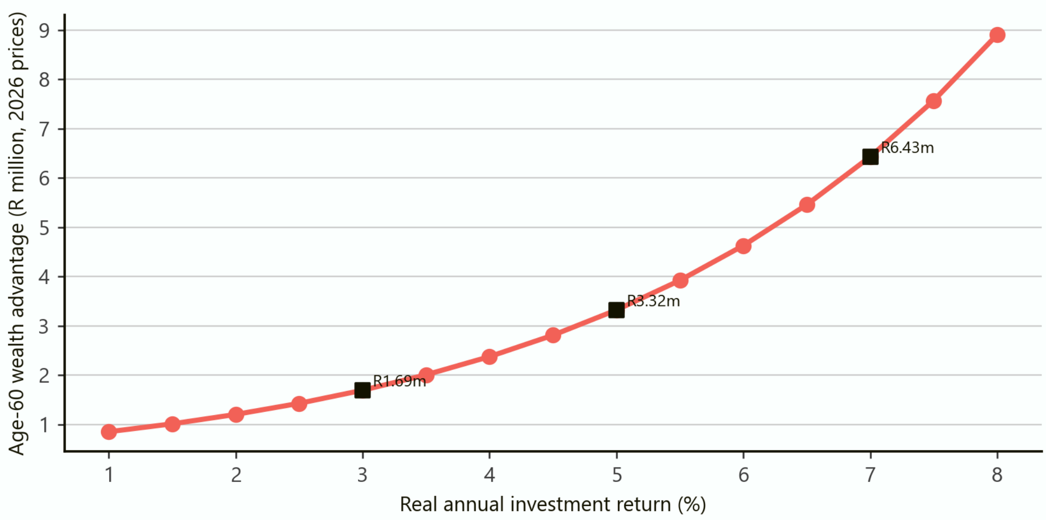

Figure 4. The age-60 gap ranges widely with real returns. The age-25 gap is already present before long-run return uncertainty enters.

PART IV

What to do with the capital

PART IV: What to do with the capital

Investment is only one use

The central three-year strategy creates R602,000 more net capital at 25 than immediate independence. The usual thought experiment puts all of it into the stock market. That gives an age-60 financial equivalent of R3.32 million at 5% real.

But early capital can solve several different constraints. The model therefore routes the same R602,000 through six illustrative uses. These are not directly comparable investments with equal liquidity, risk or welfare. They are a menu of mechanisms.

Use at 25	Modeled value at 60	What creates value
Diversified investment	R3.32m	5% real compounding
Debt repayment first	R3.39m	Avoided 10% real debt cost, then investing
Emergency liquidity first	R3.08m	R60k earns only 1% real but reduces fragility
Illustrative training	R3.39m	R60k cost, 5% pay premium for five years
Cash vehicle / finance avoided	R3.53m	Avoided high-cost vehicle finance
Housing deposit and equity	R2.80m	R1.4m home, mortgage, rent offset and 1.5% real growth

The precision is false if read literally. The honest interpretation is directional. Expensive debt can dominate investment because its avoided return is certain. Liquidity can produce less measured wealth while providing more resilience. Training can outperform only if it actually raises earnings. A cash vehicle helps when the finance rate exceeds the return available elsewhere. Property combines leverage, concentration, transaction cost, maintenance and shelter.

Debt repayment and emergency liquidity

The debt pathway repays R50,000 at a 10% real rate, then invests the avoided balance after five years. It reaches R3.39 million. The lesson is not that every debt must precede every investment. Mortgage, student, credit-card and informal family debt have different rates, protections and consequences. The model simply recognises that paying a guaranteed double-digit real cost is an investment-like use of capital.

The emergency pathway holds R60,000 at a 1% real return and invests the rest. Its age-60 value is R3.08 million, below the all-investment path. That is the expected price of liquidity. The reserve can prevent a job loss, medical cost, insurance excess or urgent move from forcing high-cost borrowing or asset sales. A lower modeled terminal value need not mean a worse decision.

Training

The training path spends R60,000 at 25 and assumes a 5% gross salary uplift for only five years, of which 70% reaches investable after-tax cash. The remaining capital is invested. It produces R3.39 million at 60.

This is an illustrative payoff equation, not evidence that a particular qualification returns 5%. Course quality, field, completion, signaling, employer demand and the learner's existing skills determine the outcome. The threshold question is concrete: how much after-tax income must the course add, for how long, to beat the alternative use of R60,000?

A cash vehicle

Using part of the capital to avoid vehicle finance produces R3.53 million in the simplified comparison. The central finance rate is 11.5% nominal against a 3% inflation anchor, materially above the 5% real investment assumption. Avoiding that spread can be valuable.

The model does not say buy a more expensive car with cash. It says that if the same required vehicle would otherwise be financed, early capital can remove interest and monthly payment risk. The cash buyer should still price depreciation, insurance, maintenance, tyres, licensing and the lost investment return on the cash.

A property deposit

The property path uses a 10% deposit and 5% transaction cost on a R1.4 million Johannesburg home at 25. It applies a 20-year real mortgage rate derived from the July 2026 SARB policy rate plus the historical 350-basis-point prime spread, 1% annual maintenance, R1,800 monthly levies and 1.5% real property growth. Rent avoided is netted against ownership cash cost.

The result is R2.80 million at 60. At a R1.0 million property it rises to R5.68 million. At R1.8 million it becomes a R6.46 million funding shortfall under the same salary and cost rules. That violent swing is the point: a deposit can make a purchase possible without making the property affordable.

The SARB kept the policy rate at 7% in July 2026 after raising it in May, while South Africa's inflation framework targets 3% with a tolerance band of one percentage point. The prime reference historically sat 350 basis points above the policy rate. SARB, July 2026 MPC statement; SARB, monetary policy framework; SARB, prime lending rate consultation.

Property is not an automatic upgrade from renting. It is a leveraged, illiquid commitment to one place. A mobile early-career worker may rationally pay rent for flexibility even when a mortgage spreadsheet shows equity.

PART V

Break-even conditions

PART V: Break-even conditions

When does leaving home early make financial sense?

The model asks four different break-even questions because there is no single threshold.

/ The household-contribution threshold

At roughly R15,900 a month, living at home for three years while buying the car immediately produces the same age-25 capital as moving out and buying the car immediately. The threshold rises with market rent and falls with at-home costs.

/ The earnings-opportunity threshold

Suppose independent living improves access to work, professional networks or a better job. In the central model, immediate independence would need to raise gross earnings by about 58% throughout the three years to match the home-only capital path at 25. That is a high hurdle because the independent bundle is expensive.

This result should not be generalized to a person choosing between a distant family home and a job-rich city. If moving out is required to take the job at all, the relevant comparison is not the same salary in two homes. It is employed and independent versus unemployed or underemployed at home. Even a modest probability of a much better career can justify the move.

/ The commute threshold

With the car already purchased in both paths, the family-home commute would need to add about 5,700 kilometres a month before transport money alone erases the central housing advantage. That implausibly high number arises because the assumed rent gap is large and the car's fixed cost is already paid.

Time changes the calculation. Two extra hours a day over 220 working days is 440 hours a year. Valuing that time at even R50 an hour creates R22,000 of annual welfare cost. Fatigue, crash exposure, lost exercise, childcare and relationship time can be more important than fuel.

/ The high-income threshold

The three-year home advantage falls below 5% of modeled age-60 wealth only around a R2.12 million starting salary in the central Johannesburg case. This does not mean wealthy workers should stay home. It means the fixed early cost difference becomes small relative to their total saving capacity only at a very high income.

For most workers, the more useful rule is cash-flow based: can the independent bundle be paid while still building an emergency fund and saving at the intended rate? If yes, moving out is a welfare choice with a known opportunity cost. If no, it is a debt-financed lifestyle choice.

Rent, salary and city sensitivity

GREYSCIENX / SENSITIVITY GRID

The advantage survives every salary-city combination tested

Age-60 wealth difference: three-year combined delay minus immediate independence.

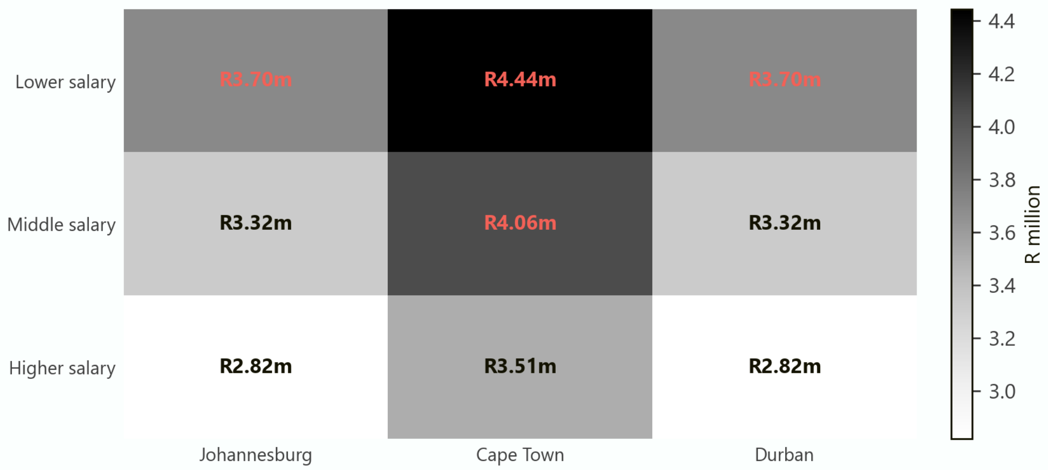

Figure 5. Lower salaries show a larger modeled advantage because immediate independence generates a deeper funding shortfall. This is financial vulnerability, not greater privilege.

The combined strategy wins financially in all nine salary-city combinations tested. The age-60 difference ranges from R2.82 million for the higher-salary Durban case to R4.44 million for the lower-salary Cape Town case.

The city effect enters only during the first 36 months. Post-25 saving is deliberately held common. This means the model does not claim that a Cape Town worker can maintain the same saving rate as a Johannesburg worker forever. It isolates what the initial rent difference does.

The 30% lower-rent sensitivity is especially useful. A room, house-share, employer accommodation or modest location lowers the three-year advantage to R482,000 at 25. Moving out can therefore be redesigned rather than treated as a binary choice.

Rent case	Johannesburg rent	Advantage 25	Advantage 60
Shared / cheaper	R6,720	R482k	R2.66m
Central	R9,600	R602k	R3.32m
High	R12,480	R723k	R3.99m

Vehicle-price and office-frequency sensitivity

Stress	Low case	Central	High case
Vehicle purchase price	R160k	R230k	R350k
Advantage at 25	R550k	R602k	R691k
Office days per month	8	13	26
Advantage at 25	R613k	R602k	R574k

PART VI

Welfare is not a rounding error

PART VI: Welfare is not a rounding error

Independence buys real goods

Financial models make shared housing look like a cost category. People experience it as a social environment.

Independent living can buy privacy, control over guests and relationships, freedom from family conflict, a shorter or safer commute, quiet study space, household competence, proximity to work and the ability to form an adult identity. For an LGBTQ+ person in an unsafe household, someone facing abuse or coercion, or a worker doing late shifts without safe transport, leaving may be necessary rather than optional.

The central R13,500 monthly break-even welfare value is therefore a way to respect these goods. It asks whether the combined benefit of privacy, autonomy, time, safety and relationships exceeds the financial surplus from staying. It does not claim these goods have a market price.

The threshold also reframes family pressure. “You are throwing away rent” is incomplete. Rent purchases a bundle. “Living at home is free” is equally incomplete. The arrangement can cost contribution money, commute time, unpaid care, emotional labor and delayed relationships.

Family contributions are transfers, not waste

Money paid to parents does not vanish from society. It may reduce household debt, fund siblings' education, cover food, maintain the home or compensate for space and services. The individual model counts it as a private outflow because the paper asks about individual financial wealth. A household model would count it as an internal transfer.

This distinction matters in South Africa, where earnings often support wider family networks. A strategy that maximizes the worker's brokerage account while leaving the household under strain can be financially narrow and morally unattractive. A fair agreement should specify cash contribution, chores, privacy, vehicle access, guests, caregiving and the planned exit date.

Safety changes transport economics

The hybrid transport model has no line item for fear. It assumes that the available public route and ride-hailing mix can safely serve work and personal trips. Shift work, poorly lit interchanges, long waits, harassment risk, carrying equipment or caring for children can make the mode infeasible. A car can open irregular-location jobs, protect against missed shifts and support emergencies; delivery work also adds commercial risk and depreciation. The practical test is to price the complete private cost, test actual routes and hours, and value time, safety and job access explicitly.

Relationships and the cost of postponement

Remaining in the family home can constrain dating, cohabitation and partnership formation. Moving out can also create financial stress that damages relationships. Neither path is socially neutral. A three-year plan with a date, contribution agreement and capital target is different from indefinite dependence; the latter can become counterproductive even while saving rent.

PART VII

A decision framework

PART VII: A decision framework

Treat the first three years as a capital project

The advantage exists only if lower spending becomes durable capital. A practical plan needs four accounts or clearly separated ledger categories.

- **Emergency reserve.** Build the first month quickly, then extend toward three to six months of essential costs.
- **Known transition costs.** Hold the future rental deposit, moving cost, furniture and vehicle deposit in low-risk cash.
- **High-cost debt.** Repay debt whose guaranteed cost exceeds a realistic after-tax investment return.
- **Long-horizon assets.** Invest only money that will not be needed for the move, car or emergency reserve.

Without separation, the portfolio can appear larger than it is. A R100,000 investment account that will fund a R60,000 vehicle deposit next year is not entirely forty-year money.

Set exit conditions before the arrangement starts

A good home-stay agreement fixes the monthly contribution, covered costs, chores and caregiving, privacy and guest rules, commuting and vehicle access, the capital target or exit date, and events that permit an earlier exit.

The model's strongest financial strategy can become a poor life strategy when the agreement is vague. The opposite is also true: a respectful household arrangement can create family welfare and individual capital at the same time.

Test four middle paths

Immediate solo independence and three years at home are endpoints. Many better designs sit between them.

Shared independence captures privacy while cutting rent. **Car-light independence** trades a location near work for lower transport cost. **Home plus earlier car** reaches R7.59 million at 60 in the central case, a strong compromise when access matters. **A shorter delay** also matters: one year adds R1.15 million at 60 relative to immediate independence.

Use a threshold, not a moral rule

Three questions are enough to start.

Is the immediate bundle cash-flow positive after emergency saving? If not, redesign it.

What monthly value do independence and transport access create? Compare it with the modeled surplus, including time and safety.

Will the surplus remain capital? Name the use and automate it.

This framework avoids two moral mistakes. It does not call independence irresponsible. It does not call family support entitlement. It treats both as resource arrangements with financial and welfare consequences.

PART VIII

Limits, interpretation and conclusion

PART VIII: Limits, interpretation and conclusion

What the model leaves out

The model is intentionally incomplete.

- It uses deterministic returns and salary growth, not stochastic markets or unemployment spells.
- It holds tax brackets constant in real terms and does not model medical credits, retirement deductions, employer matches or capital-gains tax.
- It assumes the family home exists, is safe, has capacity and permits the arrangement.
- It does not value unpaid household labor or caregiving.
- It uses provincial rent evidence to anchor city scenarios rather than claiming city-level estimates.
- It assumes a specific public-transport and ride-hailing mix without route-level data.
- It values vehicle equity at age 25, then treats total net capital as if it can join a common portfolio. Actual replacement cycles differ.
- It uses one-person budgets. Couples, children and shared vehicles change the economics.
- It does not model employer pensions before age 25, although Stats SA reports that only 44.8% of employees received an employer pension or retirement contribution in 2024.
- It does not claim recent property-price growth will continue. The property scenario uses a much lower long-run real rate.

These omissions make the paper a decision model, not a personalized plan. The source code is the equation appendix. Every threshold can be rerun with a different salary, rent, contribution, distance, office schedule, vehicle price, return or property price.

The answer to the headline question

How much can three boring years in your twenties change the next forty?

In the central scenario, about R602,000 at age 25 and R3.32 million at age 60. Across the salary and city grid, the age-60 difference ranges from R2.82 million to R4.44 million. A one-year delay still matters. A cheaper shared flat captures much of the benefit. Housing does more work than transport. Avoiding a deficit matters more than earning a heroic return.

But the financially richest path is not automatically the best life. The model's R13,500 monthly welfare threshold is as important as its R3.32 million headline. Independence, privacy, safety, commuting, family contribution and relationships are not caveats added after the answer. They are part of the answer.

The deeper conclusion is not “live with your parents.” It is this: the first salary should be treated as capital before it is treated as permission. Make the first household and vehicle upgrades deliberately. Price the complete bundle. Protect the money saved. Set an exit date. Buy independence when its welfare value exceeds its opportunity cost, and know what that cost is.

APPENDIX A

Reproducibility and sources

APPENDIX A: Reproducibility and sources

Files and mechanics

The complete model is in `model.py`; sourced observations and assumptions are in `inputs.json`; tests are in `test_model.py`; machine-readable outputs are in `results/`; and the figures are generated into `figures/`. Running `python model.py` rebuilds all results and figures.

The monthly early-life engine applies income tax, UIF, living cost, transport cost, transition outlays and balance returns. Positive balances earn the selected real investment return. Negative balances incur the selected real debt rate. Rental deposits and net vehicle equity are added at age 25. From age 25 onward, the model compounds the boundary balance and adds a common 10% of gross salary each year.

No external data are downloaded during a run. This prevents silent revisions. To update the paper, replace an observed value in `inputs.json`, record its date and source, rerun the model and rebuild the PDF.

Source ledger

South African Revenue Service. 2026/27 personal income-tax brackets, rebates and thresholds. Guide for Employers in Respect of Employees' Tax 2027.

South African Revenue Service. 2026/27 fixed, fuel and maintenance costs by vehicle value; R4.95 per kilometre simplified rate. SARS eLogbook 2026/27.

Statistics South Africa. Median employee, professional and technician earnings; employer retirement-fund coverage. Labour Market Dynamics in South Africa 2024.

Statistics South Africa. July 2026 headline inflation of 4.3%, with housing and utilities at 5.2% and transport at 8.9%. Consumer Price Index, July 2026.

Statistics South Africa. April 2026 residential property price index. Residential Property Price Index, April 2026.

South African Reserve Bank. July 2026 policy rate of 7%. Statement of the Monetary Policy Committee, July 2026.

South African Reserve Bank. Inflation target of 3% with a one-percentage-point tolerance band. Monetary policy framework.

South African Reserve Bank. Historical 350-basis-point spread between prime and the policy rate. Consultation on the prime lending rate.

PayProp South Africa. Q1 2026 national and provincial transaction-based rental data. Rental growth rebounds in Q1 2026.

Interpretation label

This publication is independent scenario research. It is not financial, tax, credit, property, transport or safety advice. Results are estimates produced by stated assumptions. A reader should replace those assumptions with their own household contribution, exact rent, commute, transport access, loan quote, insurance, tax position and welfare priorities before making a decision.