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Saving and splurging give you the same feelings… …Only the order and timing is different, finds financial planner Gaurav Mashruwala

Sitting on the side of the lawn, basking in the sunshine, Mr Grasshopper was watching Ms Ant run up and down. Ms Ant would walk far off to get the food, bring it back, and pile it up under a blade of grass.

Mr Grasshopper was finding this most amusing. Why would someone want to work so hard on such a nice day? After all it is time to bask in the sun, and scamper around, and ogle at the butterflies.

Now let's move closer home. A man gets home from work, and drives his car inside the garage with the car nose facing the inside wall. The next morning, he is late for work, but he has to manoeuvre and reverse his car out before heading for work. His case is common. Very rarely do we find individuals parking the car facing the exit, and preempting future contingencies.

Do a little exercise with yourself. If you have the option of getting Rs 10 now, or Rs 11 after six months, which one will you choose? Be honest! Many of us will opt for Rs 10 now. However, your financial planner will tell you that receiving Rs 11 after six months is better. The annualised return works out to be 21%.

As individuals we invariably want instant gratification and tend to delay hardships. But what is interesting here is that, in both the examples, the feelings of grasshopper, ant, and man are the same—concern and delight. Only, the order and timing is reversed.

Mr Grasshopper was originally delighted to sit and enjoy the sunny day. As the fable goes, later when the rain came and there wasn't any food available, he was concerned. On the other hand, Ms Ant was originally concerned about the rains. However, having collected enough food, when the rain came, she was delighted to have stored enough to take care of herself and her family.

Saving and splurging also give us the same feelings of concern and delight, only the order changes.Splurging gives one instant gratification. You can buy that gelato, or that car, or go on that vacation. It is only afterwards that there is concern about the future, when one's earning abilities may not match up to one's needs.

On the other hand, individuals who are concerned about the future, save now and in their twilight years, experience the delight of a saved corpus.

There is always a dilemma between both, spending now and enjoying while we are young, or waiting until our hair turns grey.

We have innumerable justifications for our behaviour patterns. We argue that there is no point having wealth when we are too old to enjoy it. We hardly give thought to the notion that it is much more convenient to be frugal when you are mentally fit and physically healthy than to be forced to cut down even on necessities at a later age. It is better to be safe than sorry.

Also, people are living much longer and healthier and, hence, even after you turn 50 and 60 years, there is a long way to go.

Another important reason to save initially is that by starting early we give time to our money to grow.

The logic is quite simple: The faster you sow the seeds and nurture them, the larger your tree will grow. Welcome to the power of compounding—the eighth wonder of the world—which will start working in your favour. Also, the sooner you start, the higher is your ability to withstand volatility and risk.By splurging now we are making our money impotent of creating wealth in the future. It is like cutting the stem off the tree, or not planting it in the first place.

On the other hand, savings give potency to our money to create wealth for us over the years. “Spend now and pay later” should be the mantra for credit card companies—the reverse must apply to smart individuals.