

# How financial stress can affect your mental health and five things that can help

March 17 2023, by Kristin Naragon-Gainey

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Credit: AI-generated image ([disclaimer](#))

Financial stress is affecting us in many different ways. Some people are struggling to pay bills, feed the family, or maintain a place to live. Others are meeting their basic needs but are dipping into their savings for extras.

Financial [stress is increasing](#) and, understandably, is causing some distress. In recent months, Lifeline has seen a [rise](#) in the number of calls about financial difficulties.

But understanding and finding ways to reduce our financial stress—and its [emotional impact](#) on us—can help make this challenging time a bit easier.

## What is financial stress?

If you're finding it difficult to meet your current expenses or are worried about your current or future finances, you're under [financial stress](#). Like other types of stress, financial stress has two components:

- **objective** financial difficulty, where you don't have enough funds to cover necessary expenses or debts
- **subjective** perceptions about your current or future finances, leading to worry and distress.

These two are related. But someone can have trouble meeting their expenses, view this as acceptable, and not be overly worried. Alternatively, someone may be reasonably financially secure but still feel quite stressed about their finances.

## Why are we feeling it?

There is a [broad range](#) of factors that can influence your current level of financial stress. These include contextual and personal ones.

Contextual factors are societal-level influences on the current financial

landscape. These include rates of economic growth, market performance, governmental and political policy, and distribution of wealth. These factors may vary across cultures and countries.

Personal factors contributing to stress are unique to each person. For example, demographic characteristics such as age, gender, education and ethnic group may influence someone's access to [financial resources](#).

Other personal factors that can affect financial stress are financial literacy and practices, [personality traits](#) that influence behavior and perceptions, and major life events with financial implications (such as marriage, having a child, or retiring).

## **The health impacts can be severe**

High levels of financial stress can [impact](#) people's well-being, raising levels of psychological distress, anxiety and depression.

[A review](#) found clear evidence for a link between financial stress and depression, and that the risk for depression was greatest for people on low incomes.

A [large survey](#) of adults in the United States also found that greater financial worries were associated with more psychological distress. This was especially the case for people who were unmarried, unemployed, had lower income levels and who were renters.

So people who are more vulnerable financially—in an objective sense—are also most likely to experience negative psychological effects from financial stress.

However, the perception of your [financial situation](#) matters here too. In [one study](#) of older adults, including Australians, it was not just

someone's financial situation that was linked to their well-being, but also how satisfied people were with their wealth.

Severe financial stressors, such as being forced to sell your home if unable to meet mortgage payments, can affect [both](#) psychological and physical health.

## **What can I do about it?**

While we can't change the broader financial landscape or some aspects of our financial situation, there are some simple ways to help reduce financial stress and its impacts.

### **1. Take small steps**

Try to identify elements of your finances you can improve and act on some of them, even if they are small steps. This may include creating and following a budget, cutting some extra costs, applying for available financial assistance, getting quotes for more affordable utilities or insurance, or contemplating a career change. Even little changes can improve your financial state over time. Taking action in a difficult situation can improve well-being by giving you a greater sense of agency.

### **2. Check your take on the situation**

Examine your perspective. Are you often seeing the negative aspects of your situation but ignoring the positive ones? Are you worrying a lot about very unlikely catastrophes far off in the future? It's worth checking whether your perceptions about your financial situation are accurate and balanced.

### **3. Don't be too hard on yourself**

Your financial state does not reflect your value as a person, and [over-identifying](#) with your financial status can lead to further stress. Financial difficulties are the result of many factors, only some of which are under your control. Reminding yourself that your finances do not define you as a person can reduce feelings of sadness, shame or guilt.

## 4. Take care of yourself

It's draining dealing with ongoing [financial stress](#). So focus on self-care and coping strategies that have helped you with past stressors. This may mean taking some time out to relax, [deep breathing](#) or meditation, talking with others and doing some things for fun. Giving yourself permission to take this time can improve your mood, perspective and well-being.

## 5. Ask for help

If you are struggling financially or psychologically, seek help. This may take the form of financial advice or assistance to reduce [financial difficulties](#). If you notice yourself feeling persistently down, anxious, or hopeless, reach out to friends or family and get help from a mental health professional.

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