

How to Deal With Financial Insecurity and Debt Stress

30th September 2020



The COVID-19 pandemic has led to financial worry for many people affected by job loss, redundancy, furlough, and debt. Stress and money troubles can be a vicious circle: your financial problems can lead to stress, which can bleed into other areas of your life, exacerbating anxiety, lowering your mood, and affecting your engagement with your day to day activities. However, caring for both your financial and your mental wellbeing during difficult times can be a way out.

Dealing with fears

It's normal to want to avoid situations that cause anxiety. Money problems like debt can feel overwhelming and out of your control. However, by taking one positive step at a time, you can both regain control of your financial life and lower your stress.

Take a minute to pause and recognise that help is out there. You are not the first person to have dealt with debt or other difficult financial situations.

Share your worries. Speak to a friend or loved one about what's causing you stress, or try

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calling a professional for help.

Form a plan. There are proven ways of solving even the worst debt problems. The Financial section of your EAP website has resources that can help you get started.

Set progressive small goals that will get you closer to what you're afraid of. This is an exposure therapy technique that helps you build confidence while repeatedly facing situations that cause you distress. What are the situations that bother you? Opening letters? Keeping things organised in one place? Tackling one of these at a time can be your first positive steps to feeling like you are regaining control of your financial life.

Organising your finances

The principles of paying off debts are:

- Acknowledge the problem.
- Stop debt spending.
- Create a budget.
- Make a plan to systematically reduce your debt.

There are online budgeting tools and apps to help you get organised and start to manage your debt. Use cash instead of cards, set an amount each month that you will spend on essentials and avoid buying extras, keep useful documents organised in one place, and always be aware of your bank balance.

Money and emotions

Be aware of how your moods affect your financial behaviour. Spending money may be something you do to make you happy. When you're down you spend money to cheer you up, and when you're very happy you may have a tendency to spend on impulse.

Be aware of any unhelpful behaviour you may fall back on as an escape from your challenges. Knowing your triggers and patterns can help you feel more in control of your

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financial life and lower stress in other areas of your life as well.

Focus on your mental wellbeing

The stress that money problems bring with them can make you vulnerable to anxiety and depression or exacerbate these conditions if you already suffer from them. This in turn can affect your sleep, social life, and relationships, and lead to feelings of isolation. The uncertainty and fear that the COVID-19 pandemic has brought with it can make this even more challenging than ever.

Taking positive action to keep your mental health in good order is a vital part of managing debt stress. Exercising, eating healthily, and getting proper rest will help you build your resilience, while keeping in contact with others and finding positive things to do with your spare time will keep your mood and focus sharp.

You may also find that practising relaxation techniques can help reduce the symptoms of stress and anxiety. Some methods to try include meditation, deep breathing, progressive muscle relaxation or exercise.

If you continue to experience high levels of stress, anxiousness, or low mood, speak to your doctor or a mental health professional. You can also call your assistance programme, which can connect you with a counsellor.