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Coping With Financial Stress

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Maybe your credit card debt is growing faster than the weeds in your yard. Or, perhaps you have plenty of money to pay your bills and live comfortably now, but fret about retirement or a looming crisis that, one day, could leave you penniless.

Ongoing financial distress bad for our health

When it comes to reasons behind stress, concerns about money top the list. We worry about not having enough, spending too much, not managing or investing wisely—even about having more than we can handle responsibly. And financial stress, like any other, can be bad for our mental and physical health.

"People under financial stress might wake up in the middle of the night with bad dreams about their money," says Kathleen Gurney, PhD, who researches and writes about the psychology of financial behavior. "Or they might be so anxious about their financial situation that they can't concentrate on their work or even want to get up in the morning to go." This kind of stress, if it continues, can turn into depression, Gurney warns.

Control your finances, don't let finances control you

So how do you get a handle on financial stress? First, take charge of your finances. Controlling your finances, rather than having them control you, will make you realize you aren't powerless over your situation. Start with a simple plan so you don't get overwhelmed:

- **Record what you spend.** It might sound like a chore, but keeping an expense log is the easiest way to see where you're spending your money. Your system could be as simple as a notebook and pencil. The key is to be consistent. Try recording your expenses at the end of each day and totaling them at the end of each week.
- **Prioritize your spending.** Figure out the most important things you must spend money on regularly—savings, rent or mortgage, car payment—and prioritize your spending. Then look at your income and figure out which items at the bottom of your list you can eliminate or spend less money on. Once you've created a budget, stick to it!
- **Examine your lifestyle.** Are you living above your means? If so, look at ways to cut back. Can you eat out less or buy less expensive clothes? Take fewer vacations or live without the cell phone? It's important to take stock of your lifestyle from time to time

to see if it's in sync with your earnings. If not, make adjustments.

- **Set goals.** If you have debts, set reasonable goals for paying them off. Look at your budget and decide where you will get the money. Then, create a payment schedule and abide by it. You might want to look at ways of consolidating your debt and focus on paying off debt with the highest interest rates first. Do the same thing if you are planning for retirement or to pay for your children's college tuition. Once you figure out how much you want to save and a timeline for doing so, you can continue working toward that goal.

If you need help sorting out your finances, consider hiring a debt counselor or financial planner. Shop around, since they can be expensive. You also can get a good self-help book from the library that walks you through the steps to financial recovery.

Manage the stress

If your stress continues, try to figure out what else is behind it and how to control it, suggests Dr. Gurney. For instance, do you take on more than you can handle? Are you a worrier or perfectionist who gets trapped by your fears?

Learning to cope with stress, regardless of the cause, can protect you from its negative effects. Talking with a professional counselor, spiritual advisor or friend might help. Exercise, meditation, deep breathing and focusing on other tasks are all good ways to refocus your attention away from your source of stress.

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