

# NAVIGATING THE TOXIC RELATIONSHIP BETWEEN MONEY AND MENTAL HEALTH



PERPETUAL  
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Before we start, we should emphasise that this article is not intended to be a substitute for professional mental health advice, diagnosis or treatment. Please seek out the advice of a qualified mental health professional with any questions or concerns you have regarding your mental health.

It's not uncommon for money to be one of the biggest sources of stress for most of us<sup>1</sup> (especially in this COVID-19 whirlwind). In fact, in our recent *What Do you Care About* survey of 3,082 Australians, people ranked their top three worries, in order, as health, money and aging. More so, even if you have a healthy and positive relationship with money *right now* chances are there was a time when you were anxious about your financial position, be that because you had a lack of savings, mounting debt or perhaps it was because you didn't understand a bill. Money worries don't discriminate against the young either, because single older females are also retiring on much less money than their male counterparts and one of the fastest growing cohort who find themselves homeless.

The stats confirm these problems; according to [ASIC's Australian Financial Attitudes and Behaviour Tracker](#) (wave 8, March 2018), women are significantly more likely to report that they find 'dealing with money stressful and overwhelming' than men (41% v 28%). More so, men (53%) were more likely than women (27%) to report they had heard and understood the concept of diversification. Our own research of 3,082 Australians has shown that men (44%) are far more likely to invest money compared to their female counterparts (26%). Also, 70% of men who have an active financial adviser relationship claimed their financial knowledge as 'stronger' than their partner's, whereas only 31% of women said the same about themselves.

Which means there are several of us who are at risk of falling into the vicious cycle of money-related stress, financial difficulties and/or mental health problems. So which one comes first? It's likely a 'chicken or the egg' problem. But it's very real that when you're anxious, depressed or even stressed, managing money can feel like an impossible feat, even paying a simple bill can feel arduous. Humiliation is also a common feeling that comes hand in hand with money worries, be that because there is a lack of knowledge or you feel like bills and debt are running away from you.

So how do you take charge of your wellbeing both mentally and financially?

Again, we must emphasise, we are not mental health experts (please seek qualified mental health advice) but here are a few tips that may help with your wellbeing.

### STEP 1: TAKE CARE OF THE MIND

Professional therapy, mindfulness and yoga have been known as the 'holy trinity' of mental wellbeing. If costs are a concern there are affordable therapists online via platforms like Better Help, Talk space. There are also great mindfulness apps out there such as Calm and Headspace for example. You'll also find an array of yoga videos on YouTube or Pocket Yoga. But one last time, if you feel like your mental wellbeing or issues are deep rooted or overwhelming, please seek out your GP or qualified medical professional.

### STEP 2: TAKE CARE OF YOUR BODY

Getting enough sleep can have tremendous effects on your body (and mind). Also, we know you know this, but we'll say it again, exercise and nutrition are key. Also proven to have positive effects on your wellbeing is engaging in consistent hobbies and leisure activities such as walking your dog, cooking or reading. Finally, socialising with supportive and loving family and friends will also have positive effect on your wellbeing. And in our recent *What do you care about?* survey the top three things people believed to contribute to their own good health was eating well, getting plenty of sleep and walking.<sup>2</sup>

### STEP 3: REBUILD YOUR FINANCES

Once you've started steps one and two, i.e. committed to looking after mind and body, you'll be better prepared to focus on your finances. Breaking down tasks or debt into smaller pieces is recommended so you don't feel overwhelmed.

Firstly, we recommend educating yourself (and then empowering other females around you with the knowledge gained). Our hub, [Financial Acuwomen](#), is a great place to start.

Secondly, focus on repaying debt. Debt and mental health problems are often inextricably linked. Nearly half of people with serious debt also have a mental illness, so tackling debt may help your mental wellbeing. [Read more](#) about some great strategies to pay off debt. In 99 out of 100<sup>3</sup> cases of debt-induced stress, credit cards were a central element, and yes it's plural intentionally. [Start paying of that little piece of plastic burning a hole in your pocket](#). Also, seek support and talk to others in debt (chances are you're not alone as nearly 74%<sup>4</sup> of Aussies carry debt), [My Frugal Year](#) is a great community for this. Perpetual found that 60% of Australians are comfortable talking with their family about money<sup>5</sup>, so reach out to your network!

Next, create a budget. Burying your head in the sand may lead to more stress and anxiety, so try to create a monthly budget and stick to it as best you can. Also, it may be good to set yourself a 15 minute 'money date' every week to review your spending. We recommend the 50/20/30 rule, this means 50% of your income is allocated to essential expenses (like rent or mortgage, bills and utilities), 20% to financial goals (i.e. [invest or saving](#)) and 30% to lifestyle and flexible spending. Setting up an emergency fund is also a great idea (we generally recommend 3-6 months of your take-home pay). Interestingly not having enough money for an emergency was the most frequently cited cause of financial stress, so having this set-up may help alleviate some of your financial woes<sup>6</sup>.

Another useful way to alleviate financial stress is to have some projections made so you can make sense of what your longer-term outlook is. Usually your super fund will have a projection tool you can utilise for just this!

Finally, find pride in your good money habits. At the end of the day, it's not about how much you earn, but about the money habits you've taught yourself, like mindful spending and [saving or investing](#) regularly.

Want to learn more about how to look after your financial health during COVID-19? [We've got you covered](#).

Finally, be kind to yourself. Progress takes time, but a small incremental change or saving is a big money win. More so, generally, the more we improve our financial health the more likely we are to feel less stressed. It will likely take time, but never beat yourself up if you face setbacks. Your financial habits don't define who you are as a person. It's also important to talk about your money position and stresses with your partners and loved ones so you don't pass your own inherited money habits.

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1. [https://www.savings.com.au/savings-accounts/nab-finds-4-in-10-australians-experiencing-financial-stress#:~:text=Not%20having%20enough%20money%20for,paying%20medical%20bills%20\(11%25\).](https://www.savings.com.au/savings-accounts/nab-finds-4-in-10-australians-experiencing-financial-stress#:~:text=Not%20having%20enough%20money%20for,paying%20medical%20bills%20(11%25).)

2. Perpetual's What do you care about? Project 2020-The Personal Edition

3. <https://www.smh.com.au/money/planning-and-budgeting/financial-stress-inherited-credit-cards-debt-20181106-p50e93.html>

4. [https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6523.0~2015-16~Feature%20Article~Household%20Debt%20and%20Over-indebtedness%20\(Feature%20Article\)~101](https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6523.0~2015-16~Feature%20Article~Household%20Debt%20and%20Over-indebtedness%20(Feature%20Article)~101)

5. Perpetual's What do you care about? Project 2020-The Personal Edition

6. [https://www.savings.com.au/savings-accounts/nab-finds-4-in-10-australians-experiencing-financial-stress#:~:text=Not%20having%20enough%20money%20for,paying%20medical%20bills%20\(11%25\).](https://www.savings.com.au/savings-accounts/nab-finds-4-in-10-australians-experiencing-financial-stress#:~:text=Not%20having%20enough%20money%20for,paying%20medical%20bills%20(11%25).)

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