



Practical tips for overcoming financial stress

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Financial anxiety is a prevalent issue that many of us face. The constant worry about bills, debt, and future uncertainty can cast a long shadow over our daily lives. It affects not only our mental and physical wellbeing but also our relationships and overall quality of life.

The good news is that you're not alone in your struggle, and there are practical steps you can take to tackle and overcome financial anxiety. In this guide we will delve into the root causes of financial anxiety, explore its psychological and emotional impact, and provide you with a comprehensive toolkit to effectively manage financial anxiety and improve your financial wellbeing.

Whether you're dealing with debt, trying to make ends meet, or striving to build a more secure financial future, this guide is here to offer practical insights, strategies and support.



Causes of financial anxiety

Financial anxiety can have many root causes, and it often results from a combination of factors, including:

Mounting debt: One of the primary sources of financial anxiety is excessive debt, whether it's from credit cards, loans, or mortgages. The burden of repaying debt, especially when it accumulates faster than you can manage, can be a significant source of stress.

Insufficient income: Not earning enough to cover your basic expenses and financial goals can lead to persistent anxiety. This might be due to a low-paying job, underemployment, or a lack of job security.

Unforeseen expenses: Unexpected or emergency expenses, such as car repairs, or home maintenance, can disrupt your financial stability and cause anxiety if you don't have adequate savings to cover them.

Lack of financial literacy: Many people feel anxious about money because they lack the knowledge and skills to manage their finances effectively. Understanding budgeting, investing, and other financial concepts can alleviate some of this anxiety. Job loss or insecurity: The fear of losing your job or facing job insecurity can lead to financial anxiety. This is especially true in economic downturns or industries with high turnover.



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Poor financial habits: Habits like overspending, impulse buying, or not saving for the future can exacerbate financial anxiety. Oftentimes, these habits stem from emotional or psychological issues related to money.

Income inequality: Feeling left behind due to income inequality can cause financial anxiety. Comparing your financial situation to others can lead to feelings of inadequacy and anxiety.

Family pressures: Financial obligations to support family members, such as aging parents or children, can contribute to anxiety, particularly if you feel unable to meet these responsibilities.

Economic downturns: Widespread economic downturns, such as recessions or pandemics, can lead to job losses, decreased income, and overall financial instability, contributing to anxiety for many individuals and families.

Fear of retirement: Concerns about saving enough for retirement or not having a financial plan for the future can lead to long-term financial anxiety.

It's important to recognise that these root causes can vary from person to person, and multiple factors may contribute to an individual's financial anxiety. Addressing financial anxiety often involves a combination of practical strategies, emotional support, and sometimes seeking professional help to deal with the root causes and develop healthier financial habits and coping mechanisms.



Emotional impact of financial anxiety

Financial anxiety can have a profound psychological and emotional impact on individuals, affecting their overall wellbeing and quality of life. Here are some of the common psychological and emotional consequences of financial anxiety:

Stress, anxiety and depression: Financial anxiety often leads to heightened stress and generalised anxiety. Constantly worrying about money, bills, and debts can trigger the body's stress response, leading to symptoms like tension, restlessness, and an increased heart rate. Persistent financial stress can contribute to depression. Feelings of hopelessness, helplessness, and worthlessness may develop, making it challenging to find enjoyment in daily life.

Panic attacks: Financial anxiety can trigger panic attacks, which are sudden, intense episodes of fear and physical symptoms like shortness of breath, chest pain, and dizziness. These attacks can be debilitating and frightening.

Sleep disturbances: Financial anxiety can disrupt sleep patterns, leading to insomnia or poor sleep quality. Sleep is essential for physical and mental well-being, and chronic sleep disturbances can exacerbate other emotional issues.

Relationships: Financial anxiety can strain relationships with family members, friends, and partners. Disagreements about money and the emotional toll of financial struggles can lead to conflict and tension. People experiencing financial anxiety may withdraw from social activities and isolate themselves, fearing judgment or feeling unable to participate due to financial constraints.

Substance abuse: Some individuals may turn to alcohol or drugs as a way to cope with financial stress, potentially leading to addiction and further complicating their emotional wellbeing.

Physical health issues: Chronic financial anxiety can contribute to physical health problems, such as high blood pressure, headaches, and digestive issues. The body's physiological response to stress can take a toll on overall health.

Seeking support, whether from a therapist, financial counsellor, or a support network, is important for managing and overcoming financial anxiety. Developing healthy coping strategies, improving financial literacy, and finding practical solutions can help individuals regain control of their emotional wellbeing and financial stability.

Practical coping strategies

Coping with financial anxiety requires a combination of practical strategies and emotional support. Here are some strategies to help you manage and alleviate financial anxiety:

Create a budget: Establish a detailed budget that outlines your income and expenses. This will help you gain a clear understanding of your financial situation and identify areas where you can make adjustments. Start building an emergency fund to cover unexpected expenses. Having a financial safety net can reduce anxiety caused by unforeseen bills.

Prioritise debt repayment: If you have high-interest debt, prioritise paying it off. Consider strategies like the debt snowball* or debt avalanche to tackle debts systematically. The snowball method means paying off the smallest of all your loans as quickly as possible. Once that debt is paid, you take the money you were putting toward that payment and roll it onto the next-smallest debt owed. Ideally, this process would continue until all accounts are paid off. Contact creditors to negotiate lower interest rates or payment plans. Many creditors are willing to work with you to find a manageable solution.

Reduce unnecessary expenses: Cut back on non-essential spending. Identify areas where you can trim your budget, such as dining out less or cancelling unused subscriptions.

Increase income: Look for opportunities to increase your income, whether through a part-time job, freelance work, or a career advancement. Supplementing your earnings can help alleviate financial stress. Explore various income sources, such as investments, passive income streams, or side businesses, to enhance your financial stability.



Set realistic goals: Establish achievable financial goals, both short-term and long-term. Having clear objectives can provide motivation and direction. Celebrate small financial victories along the way. Achieving these milestones can boost your confidence and motivation.

Subscription renewals and provider switching: Be sure to shop around and negotiate with all providers at renewal who will often give special rates and discounts or switch provider who may offer incentives to transfer.

Financial education: Invest time in improving your financial literacy. Understanding personal finance concepts can boost your confidence in managing money effectively. Keep yourself informed about economic trends, job markets, and opportunities for saving or investing. This knowledge can help you make informed financial decisions.

Mental health: Seek the guidance of a therapist or counsellor to address the emotional aspect of financial anxiety. Therapy can help you manage stress and anxiety effectively. You could also consider consulting a financial counsellor or advisor who can provide expert guidance on managing your finances and creating a customised plan.

Also, try to prioritise self-care, including regular exercise, a balanced diet, and sufficient sleep. A healthy body can better handle stress and anxiety. In addition, you could engage in mindfulness meditation, deep breathing exercises, or yoga to manage stress and stay grounded. It's also worth sharing your concerns with friends and family. Often, talking about your financial anxiety can alleviate the emotional burden and provide a support system.

Remember that coping with financial anxiety is a journey, and it may take time to see significant improvements. Be patient with yourself and stay committed to making positive changes in your financial life.



Additional resources

If you're dealing with financial anxiety, there are several resources available to help you cope with and improve your financial situation. Here are some recommended resources:

National Debtline: National Debtline is a free, confidential helpline offering expert advice on managing debt and financial difficulties.

Citizens Advice: Citizens Advice provides information and guidance on a wide range of financial and legal issues, including debt, benefits, and budgeting. They have offices throughout the UK and a website with valuable resources.

StepChange Debt Charity: StepChange is a charity dedicated to helping people in the UK get on top of their debts. They offer free debt advice and debt management plans.

Turn2us: Turn2us is a charity that helps people in financial need access welfare benefits, charitable grants, and support services. Their online tools can help you check your eligibility for various benefits.

Mind: Mind is a mental health charity in the UK that provides support and resources for those dealing with mental health issues, including the emotional impact of financial difficulties.

Online Financial Forums and Communities: Online communities like MoneySavingExpert and many others can provide valuable tips and support from people who have experienced similar financial challenges.

Government Websites: Visit the official government websites for information on benefits, tax credits, and financial assistance programs available in the UK.

When seeking financial assistance or advice, it's essential to reach out to reputable and well-established organisations to ensure that you receive accurate and trustworthy guidance. Additionally, consider consulting with a financial advisor or therapist who specialises in financial issues for personalised support.



Wellness Cloud & Parent Cloud give you easy remote access to experienced specialists, who can support you with financial wellbeing.

For further information, or to book a session online with one of our specialists, visit our website.

www.the-wellness-cloud.com

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