

## How to cope when debt damages your mental health

So much writing about personal finance focuses on the basics, like sticking to a budget or paying off debt. The emotional toll of money, however, is often missing from the conversation. And yet money and mental health are inextricably linked, a notion that is backed by both common sense and modern psychological science, too. Consider, for example, a recent study published in the *Journal of Consumer Research*, which looked at how financial well-being affects a person's overall well-being. In general, it found that the worse you feel about your finances, the worse you feel overall.

It would be nice to imagine that money isn't a huge deal in our lives, but, as the study put it, "perceived financial well-being is a key predictor of overall well-being." Just like job satisfaction or relationship satisfaction, your financial wellness is crucial to your mental health.

For that *Journal of Consumer Research* study, researchers defined financial wellness in two parts, said Dee Warmath, a principal research scientist at the University of Wisconsin, Madison, and one of the study's authors. "One is their assessment of how they feel they're doing today, and that's things like, 'Are you behind your finances?' or 'Do you control your finances, or do your finances control you?'" The second part of financial wellness is what she calls *future financial security*. "Part of that is, 'Are my current circumstances temporary?' or 'Are things going to be better tomorrow?' The abundance that you could be expecting in the future might help you get through the stress that's right now," Warmath said.

In order to feel good financially, you have to feel in control of your finances in the moment, but you also have to feel like you'll be safe in the future. Which is a decidedly difficult thing to do if you're in, say, \$100,000 worth of student-loan debt, a situation writer Melanie Lockert found herself in after graduating from New York University, then leaving the city because she could no longer afford the cost of living. "I had spent the whole previous year in an emotional spiral and in employment limbo," she said. "Nothing seemed to be moving in any sort of direction. I felt stuck, depressed, anxious, and ashamed of my debt."

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It's a situation many of us can relate to, as 45 million Americans struggle to pay off a total of \$27,975 worth of student debt. (A 2016 poll from Credit.com found that 73 percent of Americans die with an average of \$62,000 worth of debt) Coming up with a plan to climb out of that debt is just one part of the solution. It's just as important to take care of yourself emotionally while you're paying off debt. For that, the following advice can help.

Lockert said, "Say it out loud, write it down: *You are not your debt*. It doesn't mean you're a bad person, a stupid person, or a lazy person." Indeed, research published in the *Journal of Consumer Psychology* suggests that dwelling on past mistakes makes you more likely to repeat them. The study read:

"Recalling failures does little to enhance self-control, despite conventional wisdom that one learns from their past mistakes. In fact, our results instead argue that focusing on one's past mistakes may doom us to repeat them."

"The first step is to look at the numbers honestly. This is the toughest part," said Lockert, who writes about finance on her site, Dear Debt. When she made her own get-out-of-debt plan, Lockert looked at her numbers on Mint.com, then immediately deleted her account and pretended she didn't see it. "Not a great start," she admitted.

Her advice: "If you need to cry, cry. Scream into a pillow. You will feel emotional and that is completely normal. Go for a long walk. Don't do anything that first day. Let it sink in for a few days." Then, once you've processed the shock and come out of denial, it's time to plan. Figure out how much of your income you can reasonably afford to throw at your debt, then prioritize your high interest debt and perhaps even brainstorm ways to earn more money on the side. As cliché as it sounds, it will help your mental health tremendously to forget about the things that are outside of your control and focus on the small actions you can do to feel a bit more empowered over your situation.

"Becoming a better money manager is one factor that can influence your current money management stress," Warmath said. She adds that her research suggests that it helps to focus on self-control, too — avoiding impulsive purchases and mindless spending. It's one small way to exert power over your situation.

Talking to a therapist, counselor, or even a financial advisor is like having a personal trainer for your mental health. The problem is, if you're in debt, professional mental-health help is probably not in the budget. You may be able to find affordable services at a college, local church group, or community center, though. "I found that the local college had counseling services with grad students who were a semester away from graduating," Lockert said. "Sessions were \$15 but I negotiated it down to \$5. I suggest looking at your local college first."

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You may also look into Debtors Anonymous, an organization that's been around for 50 years and brings together people who feel overwhelmed with their financial struggles. The group was inspired by recovering members of Alcoholics Anonymous who also faced financial troubles. You can attend meetings face-to-face, over the phone, or online. Open Path Collective may be another option. It's an organization that seeks to offer affordable mental-health services, connecting clients with mental-health professionals who have agreed to offer their services at a discount.

Warmath said, "What we hope comes out of this research is that people will take more conscious stock of how they're feeling today, how stressed they're feeling about money, and how they feel about tomorrow."

Don't ignore the impact that debt may be taking on your mental health. Not only will that make you feel worse, it can worsen your financial situation, too. Allowing yourself the space to process and deal with your emotions sometimes feels like a luxury, especially when you're struggling financially. Ironically, that's when the emotional toll of money matters the most.

## ***Building a stronger financial foundation***

Money matters impact your overall health, but you have the power to take control of your financial fitness and well-being. Consider exploring financial protection plans, like life insurance, to protect your family's future and help pay off debt in the event of the unexpected. Life insurance with the John Hancock Vitality Program can help you save on the cost of your coverage and earn rewards for the everyday things you do to stay healthy, while helping you get the protection you need. It's a new kind of life insurance, available only from John Hancock.

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