



Money Worries and Your Mental Health

It's been a trying time for many people, with our collective mental health taking a toll as the COVID-19 pandemic rolls on. The Melbourne Institute says one-in-three Australians are now reporting financial stress, while one-in-five are feeling 'mental distress'.

It's well known that our financial wellbeing and mental health go hand in hand. Severe or prolonged financial stress can trigger symptoms of anxiety and depression, relationship breakdowns, trouble sleeping and anti-social behaviour. This in turn can lead to further poor decision making when it comes to money.

Fortunately, there are things you can do to improve your financial security and wellbeing. If you're experiencing financial stress, here are some practical steps you can take to get back on track.

GIVE YOURSELF A FINANCIAL HEALTH CHECK

When you're experiencing financial stress or hardship, it can be tempting to avoid the problem altogether; but this only makes things worse. Once you gain a clear understanding of your financial position, you'll feel more in control and can take steps to improve your position.

Start by doing a financial health check to assess where your income is going. Use a spreadsheet or budget planner to list your income, debts, and expenses. Then look for opportunities to reduce your expenses, pay down debt and increase your savings.

RENEGOTIATE YOUR BILLS

Renegotiating what you owe is a smart way to free up some cash flow for daily living and ease the pressure you feel about meeting your obligations.

If you're having a hard time meeting expenses, it's important to speak to your service providers as soon as possible. Let them know you're doing it tough and ask to negotiate lower repayment amounts and extended timeframes.

Don't be shy to ask for a better deal on any services you use, including phone bills, internet, and utilities. Most organisations will try to work with you – it's better for them to get paid (albeit slowly) than for you to default on what you owe them.

PAY DOWN DEBT

With more cash flow available, you can concentrate on clearing your debts, a key step on the path to financial freedom. If you have lots of debt, it's worth seeking the advice of a financial adviser. They can advise you on the most efficient and cost-effective way to repay what you owe. You might be able to refinance, take advantage of 'no-interest' periods or consolidate your debts into a single monthly repayment at a lower rate.

MAKE BANK ACCOUNTS YOUR BEST FRIEND

Keeping all your money in one bank account makes it hard to keep track of how much you have and how much you owe. One simple strategy to help you manage your money is to set up several bank accounts, each with a different purpose. For example, one to receive your income, another to pay household expenses, one for discretionary 'spending' and one for saving.

You can set up automatic payments to transfer the right amount of money into each account when you get paid. That way, you'll always have the money put aside to pay your bills as they arise. Make sure to set up direct debits or automatic payments for each of your regular household bills from your expense account, so there's no chance of falling behind in future.

BUILD YOUR SAVINGS

Feeling financially secure goes hand in hand with having a good financial safety net in place. The more you have put aside for a rainy day, the less stressed you'll feel when things don't go to plan. Aim to build up your emergency fund to cover six months' worth of living expenses for yourself and your family. Again, creating an automatic transfer of funds to your 'emergency' savings account each month is an easy option. Then sit back and watch your savings grow.

WHERE TO GET HELP

If you're experiencing financial hardship, struggling to make ends meet, or find yourself on the wrong end of one too many late payment notices, remember, there is help available.

Source: Money and Life

If you need some advice on where to get started, give Shaun or Vicky a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon).



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