

5 ways to combat debt fatigue

By Carmen Chai

Carrying around debt isn't easy, but coming to terms with your finances and tackling the money you owe could feel like an even bigger burden. You start off disciplined, focused and eager to be debt-free, but as the months wane on, you face setbacks, your goal feels further away and the sacrifices you're making don't feel worthwhile. It's called debt fatigue, and it's real.

"Debt fatigue is basically along the lines of feeling depressed and downtrodden by chronic financial difficulties," says Brad Klontz, a clinical psychologist and certified financial planner. Klontz is the founder of the Financial Psychology Institute, which trains advisors and therapists in the psychological aspects of money. He's also an associate professor at Kansas State University.

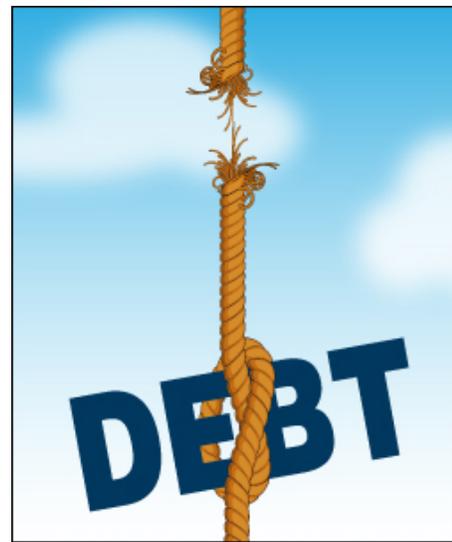
"Your consumer debt is piling up and the repayment process becomes overwhelming to the point where it starts to have a negative impact on other aspects of your life," he says. "Your ability to cope and effectively manage your finances has been compromised. The problem is bigger than you can handle."

Why we feel debt fatigue

Debt fatigue is rooted in guilt and disappointment in our ability to manage money. "We feel a tremendous amount of shame around money," says Klontz. "We're embarrassed we have too much debt, we feel we should have known better in terms of spending."

But that's a fallacy, he says, so don't be so hard on yourself. "The big lie is that our personal finance story is the result of us being crazy, lazy or stupid," Klontz says. "That's a money script, a typically unconscious belief."

Debt fatigue may also set in if, after months of chipping away at debt, you feel tired of living an incredibly frugal lifestyle, or if you experience a major setback in the midst of your repayment plan. For instance, you may have an unexpected expense, such as a car repair, that throws you off your track. Or you may have had to miss something special, such as an annual family trip. Any kind of disappointment can trigger apathy about your payoff plan.



Common responses to debt fatigue

- **Avoidance:** you pay the minimum balance but avoid taking more effective action until an emergency comes up - your car breaks down, your rent increases -- and you add on more debt, sparking a conflict that needs to be addressed head on.
- **Caving:** you whittle away at your debt for years without saving for other priorities, then get frustrated and go back to your old habits. This is akin to binge eating after being on a restrictive diet. "You end up adding more debt because you haven't put aside money for your other goals," says Tom Feigs, a Calgary-based financial coach with Money Coaches Canada.
- **Freezing:** you get depressed about the situation and can't act. "It's like curling up in a little ball, feeling helpless and hopeless about our situation," Klontz says.

How to combat debt fatigue

1. Be realistic: "There will always be something coming up, so you need to lay out your goals for the next year or so and anticipate what you as a family or individual may come across," Feigs says.

If you know you'll need winter tires for your car, or your roof needs to be repaired soon, factor these expenses into your plans. That way, they won't pop up unexpectedly and take away from your debt repayment.

2. Don't forget the big picture: While you're tackling debt and having foresight to consider other expenses along the way, you can't push away other financial goals that need your attention. "Paying off debt is not a motivating act," Feigs says. "Being debt-free by itself cannot be the only goal ... it's not sustainable."

Adding to your retirement and a vacation fund could provide you with a promising outlook that'll help when the debt repayment has you feeling down in the dumps. It's something in your future to look forward to once you're debt-free.

"Being single-minded about debt can be frustrating because you don't feel like you're making progress and you're not contributing to other milestones," Feigs says.

3. Create checkpoints: Small checkpoints can help break up the monotony. You could strategize by paying down the highest interest debt, or the credit cards with the smallest debt. You could even consolidate your debt and snag a lower rate. These are small wins that'll make you feel better about your repayment plan. It's all about building and establishing momentum, Klontz says.

4. Get help and take control: If you feel overwhelmed and don't know where to begin on your repayment journey, that's OK. There are credit counsellors and money coaches who can teach you how to address your debt and rearrange your budget.

Getting in the driver's seat of your financial fate is freeing, Feig promises. "It'll make you feel better, like you have a choice in your discretionary spending," he says.

5. Adjust your attitude: As a financial psychologist, Klontz has published research on consumers' beliefs about money and how their thoughts shape their outcomes.

If you have a negative "money script," you're already starting your debt repayment on the wrong foot.

"People have 'Aha!' moments and realize they've been living out of this negative pattern," Klontz says. "It frees up some of the energy and it can shift people from feeling fatigue, frozen and stuck to having more energy so they're willing to educate themselves and seek out mentors."