

Tips for relieving debt-induced anxiety

By Vanessa Santilli

In the months leading up to realizing her credit cards were maxed out, Cait Flanders says her anxiety would peak every time a statement arrived the mail.

"I'd literally just peel back the corner of them and look at the minimum payment that was due because I didn't want to see what the entire amount was," says Flanders, who started the blog *Blonde Budget* to chronicle her journey paying off approximately \$28,000 in debt. When she grasped financial reality, she recalls her body physically reacting.



in
only
on a
her

"I remember shaking so hard realizing how much I screwed everything up."

According to a study from the University of Nottingham in the UK, people struggling to pay their debts are more likely to have mental health problems or suffer severe anxiety.

Debt intensifies depression and anxiety, says Christine White, a money coach with Money Coaches Canada.

White says neuroeconomics shows the effects that money stress has on cortisol and serotonin levels in the brain. "When these are out of balance, it affects how we think in any given moment and causes malfunction in decision making -- enabling poor spending choices resulting in more debt."

Once you take some steps to gain control, you reduce stress, adds Sandra Daga, an accounting professor at the University of Toronto's Scarborough campus. Here are some of the most important steps for relieving debt-induced anxiety.

Stop avoiding reality

When people have anxiety, they often have trouble talking about or looking at their finances. "This results in blocking and avoiding the issues, allowing them to grow bigger," White says.

Flanders can attest to that. "The only way to move forward is to focus on your present," she says. "You just need to deal with your situation."

Think rationally, don't panic

Burdens, whether financial or otherwise, affect your adrenaline, your growth hormones and even insulin levels, says psychotherapist Rhonda Katz.

She suggests those experiencing financial stress use self-cognitive therapy. "Tell yourself: 'I know I have resources, I am not going to go belly up, I still have a vocation,'" she says.

Of course, that doesn't hold true for everyone. The reason many people can't pay their bills is because they are jobless. Katz recommends those individuals make an appointment with their family doctor.

"Frequently, it is the family doctor who can orchestrate social services and community programs that can offer support," she says. Doing so sooner rather than later is vital.

Don't face it alone

It's also important to talk with someone about money matters to ease your stressful mental state, Katz says. "Often, we struggle with debt in isolation. It can be lonely and scary," she says.

You may want to see a professional -- perhaps a therapist or credit counselor -- to get the help you need. Even talking to a trusted friend or relative can help relieve stress.

Consider paying off your lowest balance

While conventional wisdom holds that it's best to pay off the card with the highest interest rate first, you may feel better if you take a different approach.

"[People dealing with anxiety because of debt] should pay off the one card with the least amount of debt so they can start feeling more confident," Daga advises. "Paying the card with the least amount of debt may not be the same as paying the debt with the highest interest, but the sense of accomplishment with getting one creditor off their case will reduce the anxiety."

Get organized, set goals

Write down each bill's due date on a calendar that you see daily. Once you have paid a bill, write "paid" on the bill itself, and file it away or shred it. Just keeping every bill you've received in one cluttered place might be enough to induce stress.

Automatic payments are the way to go, as they help you stay organized and make payments on time, says White. "[Align auto payments] with payday; take the room for feelings and choice out of the day-to-day," she says.

Flanders says goal-setting helped her as she paid down her debt. "I would say, 'In a month, I'm going to put X towards debt.'"

Bit by bit, she chipped away until she achieved her ultimate goal: being debt free.