

Easing Financial Stress

According to the American Psychological Association's 2010 "Stress in America" survey, more than three-quarters of Americans cite money as a significant cause of stress. With the tough economy and stalled job market of recent years, it's no wonder money worries have become a top stressor. Concerns about making ends meet can take a toll on your job performance, your personal relationships, and your sense of well-being.

Our bodies have many mechanisms to deal with stress. The problem with chronic stress is that our stress reaction is constantly "turned on" causing emotional and physical health problems. The American Psychological Association says that "stress becomes dangerous when it interferes with your ability to live a normal life for an extended period of time. Chronic stress can lead to more dangerous problems such as a weakened immune system, increased risk of heart disease, high blood pressure, anxiety, depression and even suicide.

If your finances are stressing you out, there are things you can do to help!

Make a Budget

Financial experts agree, that making a budget AND sticking to it are important keys to financial well being. Here are some tips that can help you create that realistic budget:

- Don't think of your budget like it's written in stone. It needs to be flexible, something that you can update each month. The month your car needs repair is going to be different then the month you get your income tax refund.
- Track your spending from the last two to three months. Knowing how you're spending your money now, can help you make better plans going forward.
- Go through your paystubs and other income you may have to know what your actual take-home pay is each month.
- Create spending buckets. Start with basics such as rent or mortgage, car payments, utilities, food shopping, day care and health expenses. Then list out non-essential spending such as entertainment, hobbies, and eating out. Once you know the basics you can start setting spending limits for each category.



- Eliminate the expenses you know you can avoid. People with financial problems often spend money on things like lottery tickets and gambling. When you make a budget, you can see how much those expenses can add up.
- Track it! Keep a list of what you spend and in what category.

Pay off Credit Card Debt

If you are carrying a credit card balance, you are not alone. According to a US Census Bureau report, the projected outstanding credit card debt for Americans will be \$870 billion in 2012. So if you are carrying credit card debt, don't beat yourself up about it.

The first step in getting rid of credit card debt is to figure out exactly how much you're paying in credit card interest each month. Gather all your credit card statements and add up your total current balance. Be sure to include gas cards and store credit cards as well.

If you are carrying a balance on multiple cards, it may be helpful to work on eliminating one balance at a time. Keep paying the minimum payment on all your cards, but pick one that you want to pay more on. From doing your budget, you know where you can cut some extra spending and use this money to pay off your card. Once that card is paid off then take that payment and apply it to another card.

If you are struggling to make your minimum payments, contact your creditors. You may be able to negotiate lower interest plans.

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Have a Savings Plan

When creating your budget and spending categories, don't forget to plan for the future. Having money in a savings is a great way to ease your financial stress. Your savings can help you prepare for unexpected financial problems. This can include things like home repairs and car expenses or more significant issues such as illnesses and loss of a job.

After looking at your budget and finding places where you can cut some spending, use that extra money to put into your savings.

Tools to Help

There are a number of resources that can help with just about any financial issue you may be facing. The library and book store are a good place to start. Librarians can be helpful in finding references that can help.

These days many people track their finances online. There are a growing number of sites and software products that can help with budgeting, spending tracking and setting goals. There are more and more mobile apps to help you keep your spending in check. Mint and Budget Tracker have gotten good reviews. Do your own research to figure out which types of sites and apps will be most helpful for you.

If you think you need more personalized help, then credit counseling or debt management services may be for you. The Federal Trade Commission has useful information on consumer debt and recommendations for programs to get you out of debt. The Federal Reserve has a site for consumers with a series of educational tools and resources.

Stay Stress Free

While staying on top of your finances can help, you might want to look at other ways to manage your stress.

Getting help from friends and family is a big one. Knowing that you are not alone and not the only one in this type of situation can help you feel better. Talking to people and finding out what they did to help themselves can make a big difference. Often, serious financial stress can lead to anxiety, depression and substance abuse. If stress over finances is affecting your ability to carry on with your normal daily functions, a mental health professional may be able to help.

Focus on the Positive

Sure, the power of positive thinking won't fix your financial problems. But it's important not to let money worries weigh you down. And focus on things you can do that will make you feel better about yourself.

- Stay active! You don't need to join a gym. Walk more, take up a sport, do anything that will keep you engaged.
- Make healthy food choices. It is possible on a budget!
- Be realistic and positive.

These things aren't going to make your financial issues go away. But keeping a positive outlook can help you look forward and. Remember to try to think about the long term.

Financial stress happens to just about everyone, but it doesn't have to keep you down. Working on a budget, getting rid of credit card debt and starting to build up savings are just a few things that can help. Talk to friends about how they handle their finances and look to professionals to help. It takes some work, but you can ease financial stress.

Sources:

US Census Bureau

<http://www.census.gov/compendia/statab/2012/tables/12s1188.pdf>

Federal Trade Commission

<http://www.ftc.gov/bcp/menus/consumer/credit.shtm>

Federal Reserve <http://www.federalreserve.gov/consumerinfo/default.htm>

National Foundation for Credit Counseling www.nfcc.org