
How to deal with financial stress

Financial stress is not something only low-income households experience. According to 2017 results from the inaugural Financial Stress Index¹, close to 1 in 3 Australians is feeling the pinch financially, with money worries reportedly leading to sleep loss, conflicts in relationships, isolation, as well as a range of other things.

What defines financial stress and what steps you could put in place to potentially improve your financial position and overall wellbeing.

Findings from the research

Statistics from the Financial Stress Index revealed the following about financially-stressed Aussies:

- More than 66% felt money worries led to feelings of fear, anxiety and/or depression
- More than 60% felt their physical health was affected by financial stress
- About 75% said they argued about money with their partner or family
- More than 70% said they had problems sleeping due to money concerns
- Nearly nine out of 10 said they often avoided social functions due to financial stress.

What defines financial stress?

According to the Australian Bureau of Statistics, there are two financial stress indicators—these include:

1. financial-stress experiences such as:
 - You're unable to pay various bills on time
 - You spend more money than you receive
 - You seek assistance from friends, family or welfare and community groups.
2. missing-out experiences include:
 - You're not able to afford a night out once a fortnight
 - You can't afford a week-long holiday once a year
 - You can't afford friends or family over for a meal once a month
 - You aren't able to cover any recreational activities.



Actions that could help turn things around

1. Create a budget

Writing down what you earn, owe and spend assists with creating a workable budget and identifies areas where you could be saving.

2. Save a bit of money regularly

A small amount of cash deposited on a frequent basis goes a long way towards your savings goals.

3. Take cash and leave your credit card at home

Credit cards are handy but will cost you in interest rates should you not be able to pay your total monthly balance owing. If you are not sure you can afford your monthly payments, or you already have money on a credit card that hasn't been paid off, leave the card at home and take cash.

4. Write a grocery list that only includes what you need

You would be surprised what you can save on your grocery bill if you plan ahead and only buy what you need.

5. Prioritise your big-ticket items

Buying a car, going on holiday, and moving home all within a six-month period mightn't be financially viable. Spacing things out and creating a manageable goals timeline might help.

6. Put some emergency cash aside

This will assist with extraordinary expenses such as last-minute trips to the dentist or a breakdown of a home appliance. Plus, an emergency fund means you won't have to rely on high interest borrowing options.

7. Talk money with your partner

Money is often one of the biggest issues between couples. Make time to sit down and talk about your finances to ensure you are on the same page, and that you both agree to the goals being considered. It may seem difficult at first but may save a lot of arguing in the future.

8. Call other providers

With so many choices of providers, you could save money annually on energy alone just by switching from the highest priced plan to the most competitive on the market. Do your homework and talk to providers to find the best deal.

9. Consider the value of a back-up plan

Whether it's life insurance, income protection or contents insurance there are a range of insurances that could help should the unexpected happen.

10. Care about your future income

The government's Age Pension alone is unlikely to be able to cover a comfortable or even modest lifestyle in retirement, so putting a little extra into super while you have time on your side could reduce the potential of further financial stress later on.

If you would like to discuss anything in respect of your finances, please contact me on 0438 893 571 or email to Michael.clapham@apexpartners.com.au.

¹ inaugural Financial Stress Index, compiled by global research firm CoreData on behalf of Aussie group, Financial Mindfulness