



How to deal with financial stress

Close to one in three Aussies is feeling the pinch financially, with money worries reportedly leading to sleep loss, conflicts in relationships, isolation, as well as a range of other things¹.

These were the findings from the inaugural Financial Stress Index, compiled by global research firm CoreData on behalf of Aussie group, Financial Mindfulness, which indicated financial stress is not only being experienced by low-income households in 2017².

We check out some of the statistics from the research, 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 Aussies³:

- 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 financial-stress experiences and missing-out experiences⁴.

Some examples of financial-stress experiences include:

- You're unable to pay various bills on time
- You spend more money than you receive
- You can't raise \$2,000 in a week for something important
- You seek assistance from friends, family or welfare and community groups.

Some examples of 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 could help you to create a workable budget, and at the same time let you quickly identify areas where you could be saving.

2. Save a bit of money regularly

Even a small amount of cash deposited on a frequent basis could go a long way towards your savings goals. In fact, 41% of Aussies say they save just a little at a time⁵.

3. Take cash and leave your credit card at home

Credit cards are handy but they'll often cost you as they typically charge high interest rates on top of the amount you've already taken out.

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

Over a 12-month period, Aussies will waste more than 4 million tonnes of food, which is enough to bridge the gap between Australia and New Zealand three times⁶, so it's worth a thought.

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 help next time you bust your phone or need a last minute trip to the dentist. Plus, an emergency fund means you won't have to rely on high interest borrowing options.

7. Talk money with your partner

One in two Aussie couples admit to arguing about money⁷, so if you haven't already, sit down and make sure you're on the same page, and that both parties' goals are being considered.

8. Call other providers

You more than likely have several product and service providers, and figures show you could save more than a grand annually on energy alone just by switching from the highest priced plan to the most competitive on the market⁸.

9. Consider the value of a back-up plan

Whether it's life insurance, income protection (which provides up to 75% of your income if you can't work due to illness or injury), or contents insurance to cover items that may be lost, damaged or stolen, 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 retirement⁹, so putting a little extra into super while you have time on your side could reduce the potential of further financial stress later on.

Source: AMP.

1 - 3 [CoreData / Financial Mindfulness Financial Stress Index – 2017](#) full press release

4 [ABS - Household Expenditure Survey, Australia: Summary of Results, 2015-16](#) paragraph 2, 3, 4

5 [ASIC's MoneySmart – How Australians Save Money](#) table 1

6 [Foodwise: Reduce Food Waste - Food Waste Fast Facts](#) table 1

7 [Finder - Heated conversations: 1 in 2 Aussie couples argue about finances](#) paragraph 1

8 [Mozo: Sick of high energy bills? Aussies willing to change providers could be saving over \\$1,000 a year](#) paragraph 2

9 [The ASFA Retirement Standard – June quarter 2017](#) paragraph 4



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