



Effectively Treating Financial Stress is a Foundational Healthcare Issue for Our Time

When someone is experiencing a momentous life event, it's common to wish them “health, wealth and happiness.” It's apropos that financial success is in the middle of that blessing, given the central role we now know it plays in the equation of overall wellness.

Personal finance has typically been thought of as a compartmentalized issue; it's typically not fun to think about, but you close the budget spreadsheet, online banking dashboard, or investment snapshot and you move on. But studies conducted over the past few years show that we don't escape our money concerns that easily. In fact, financial worries can negatively impact our health in ways not previously understood, or for that matter, dealt with.

Financial stress is at very high levels in the United States

A 2020 study by Thriving Wallet uncovered that of the more than 3,000 US adults queried from across varied socioeconomic groups, 90% agreed that money impacts their stress level. While this by itself might not necessarily seem indicative of debilitating levels of negative stress, it should be noted that 65% of the same group reported that “their financial difficulties are piling up so much they can't overcome them.” It's safe to say that this points to many people experiencing money stress in elevated amounts.

Studies in recent years have repeatedly highlighted financial worries as the top cause of stress for consumers in the United States. In March 2022, the American Psychological Association's “Stress in America” data showed that 87% of the polled stated that the rising prices of everyday items is a significant source of stress for them. It's telling that this is the greatest concern among participants during a time of a global pandemic, domestic political turmoil and an invasion of Ukraine. It shouldn't come as a surprise, though, given that surveys and studies consistently show financial stress as being at the fore in the American mind.

Data reveals that financial worries for Americans are not only prevalent, but also recurring and severe. Sharecare's Community Well-Being Index results from 2018 showed that even before the financial concerns brought on by the pandemic, only four out of ten Americans reported being free from money concerns in the prior week. In 2022, a survey by Capital One and The Decision Lab revealed that:

- **77% of the polled report feeling anxious about their money**
- **58% feel that money runs their life**
- **52% have trouble maintaining control of the emotions caused by their finances**

These studies and several others point to a nation unquestionably reeling from money stress. But what does that mean for wellness?

Financial stress is causing serious physical health issues

Far from just a daily nuisance, the financial stress felt by consumers is leading to serious health problems. This should come as no surprise,

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Lockton, the world’s largest independent insurance

brokerage, released research results showing that people with high levels of financial stress are three times more likely to be taking prescription drugs for a chronic illness. This is particularly alarming, considering that many people feeling stress over their money may not feel they can afford medication or a visit to a healthcare provider. The number of those with financial anxiety and a chronic illness may be even higher.

Studies conducted by various organizations have looked into possible connections between financial stress and specific health issues:

- **A 2017 study from IBM Watson Health pointed out, among other findings, that survey subjects with higher financial stress levels had a 39% higher incidence of diabetes.**
- **A study from the Associated Press and AOL elicited that respondents with large amounts of financial stress had a 27% occurrence of ulcers or digestive track problems versus an 8% rate for those with minimal money worries.**
- **Research conducted in 2019 found that among a group of African Americans living in the Jackson, MS area, those with high levels of financial stress were more than twice as likely to develop heart disease than study subject who reported low money stress levels.**

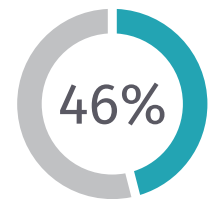
These are but a few of the links that have been drawn over the past few years between negative financial thoughts and poor health outcomes. As the evidence mounts, it gets harder and harder to deny the corrosive effects of financial stress.

Financial stress is causing myriad mental health issues

As you can probably guess, the emotional wellness of financially troubled Americans has not been spared.

Remarkably, data from the Money and Mental Health Policy Institute reveals that 46% of people with debt also have a mental health diagnosis. A

causal relationship here can of course be called into question by raising the possibility that preexisting mental health challenges may be making it more difficult for research subjects to manage their money. However, several studies point to financial stress exacerbating mental health issues. Whether financial stress is causing problems with emotional wellness or just making existing issues worse, the negative effect is still there.



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Other studies further confirm a link between financial stress and mental health issues:

- **A University of Alabama at Birmingham study of more than 7,000 baby boomers found that those who lacked the resources to pay off all their debts had a staggering 90% increase in the odds of being diagnosed with a psychiatric disorder.**
- **An IBM Watson Health study examining specific byproducts of money worries found depression to be 77% more prevalent in the financially stressed and anxiety to be 54% more common.**

Perhaps most astonishingly, data from debt consolidation loan provider Payoff revealed that 23% of survey respondents showed their financial woes caused symptoms consistent with post-traumatic stress disorder. Even more distressingly, this number jumps to 36% for Millennials. This is consistent with other research that shows young people in our country particularly overwhelmed by their financial problems. Given that so many young people are dealing with such toxic levels of financial stress, it's hard to imagine them not dealing with a tidal wave of mental and physical health issues as they age.

Health issues and financial worries continuously feed into each other, creating an ongoing loop of unhealthiness

Experiencing a low income level and the financial stress that often comes with it can create a dynamic in which a person is both less likely to treat the health issues caused by their stress and more likely to engage in the unhealthy activities or decision-making that worsens their situation further.

Think for example of a person whose financial concerns have contributed to them developing an ulcer. If they forego treatment because of worries over cost—while simultaneously smoking cigarettes and drinking alcohol excessively to cope with their stress—they are actively making their situation more and more intractable. Their stress continues to rise while their financial resources and health decline, causing them to turn even more to unhealthy coping mechanisms and making sound financial decision-making that much more difficult. And around and around it goes.



of young adults surveyed had avoided seeking a medical treatment because of cost.

It's clear from several different studies that many people in the United States are

eschewing medical treatment over money concerns. A Nationwide Retirement Institute study showed that 48% of young adults surveyed had avoided seeking a medical treatment because of the cost. This typically creates a situation where the medical condition gets worse and then more costly to eventually treat.

The poor decision-making isn't limited to healthcare choices, though. A study by Capital One and The Decision Lab demonstrated that those queried were less likely to save and make smart spending decisions when stressed. The Payoff study mentioned earlier found strong evidence of financial decisions made by the financially beleaguered that clearly fall into the category of active self-harm.

There is also good reason to believe in the deleterious effect financial stress has on day-to-day health decisions. *The American Psychological Association notes that financial stress in the leading cause of unhealthy behaviors like gaining weight, smoking cigarettes and abusing drugs and alcohol.*

The underlying causes of financial stress are not currently being adequately addressed

It may be obvious based on the above findings, but Americans just aren't getting the help they need in easing their financial anxieties. It's tough to lay blame with consumers, though, when they typically aren't given the knowledge, training and assistance needed to successfully navigate a complicated financial system.

According to the U.S. Financial Literacy and Education Commission, only one out of three adults in our country can get four out of five questions on a test of basic financial literacy.

This shouldn't come as a surprise given the lack of personal finance courses included in high schools. Even though the number has gone up a bit, only a handful of states currently require

a personal finance course. Tens of millions of people have entered the financial world in this country without the training they need. It's a recipe for failure, and with it, stress.

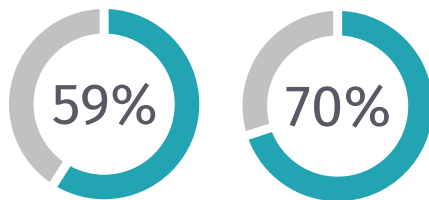
When faced with the challenges of managing their money, many people seem to be simply avoiding thinking about finances altogether.

The Thriving Wallet study discussed above found that 40% of those surveyed weren't doing anything to address their financial future.

While failing to get help may speak to a certain financial hopelessness, there is ample evidence that many people simply don't know where to get help. A recent eMoney survey about financial stress during the pandemic found that people were far more likely to reach out to family or friends for advice than a financial professional. Getting advice from unqualified sources is certain to magnify the frustration and confusion people feel about things like managing their cash flow and saving for goals. Most people do seem to know, however, that they're not getting the advice they need. The eMoney study also found many respondents saying that not understanding where to get sound money advice was their biggest hurdle to achieving financial wellness.

There is great demand among consumers for financial education and counseling

While people often aren't aware of the presence of services to help them with their money obstacles,

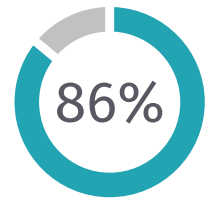


of the people surveyed agreed that they wanted financial advice, but didn't know where to get it. For ages 18-41, the number jumped to above 70%.

once those people know of the existence of help, they typically want to take advantage. A Harris Poll from March, 2022 noted that 59% of the people surveyed agreed that they wanted financial advice, but didn't know where to get it. Interestingly, for those aged 18-41, the number desiring financial advice jumped to above 70%.

Financial stress is treatable through education and counseling

The help people need is actually out there and has been proven to work. One study found that 86% of employees who had taken advantage of financial counseling felt less stress because of the help they'd received.



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Not only does the mere act of receiving financial guidance help relax those who participate, the recipients are filling in gaps in their knowledge and building skills that can help them make anxiety-reducing decisions on an ongoing basis. In this way, the cycle of financial stress can be broken.

In the current climate, help is needed more than ever and there are no signs of the need waning

With so many Americans feeling pressure from wage stagnation, credit card debts, student loans, sky-high housing prices and the ballooning cost of consumer goods, the need for financial guidance has never been greater.

The Thriving Wallet study found that less than 25% of the surveyed feeling optimistic about their financial future. Another recent study found that almost half of the polled said their financial circumstances were actually getting worse. This is a similar result to the number

of the early days of the pandemic and the Great Recession of 2008.

To put it bluntly, people just don't see how they can come out ahead in the current financial situation or the foreseeable future. They need help to even get to a place of having hope again.

There is a tremendous opportunity for healthcare providers to meet a huge unmet need in this area by working with an experienced provider of financial wellness services

There has been a general awareness of the need for greater financial education for a few

decades now. There is plenty of evidence that education just isn't happening yet in the ways needed to mitigate the massive amounts of financial stress in the United States. People struggling with their money for the most part don't seem to know where to turn for help.

Recently, greater awareness has been generated about the connection between financial wellbeing and physical and mental health. Going forward, more and more consumers will see financial coaching as an integral part of their holistic wellness plan. Healthcare providers who are able to meet this need stand to help create communities with greater overall wellness and a deeper, more fulfilling relationship with their provider.



BALANCE is a financial education and counseling service. Services include money management counseling, debt repayment options, credit report review, and more.

[whybalance.org](https://www.whybalance.org) | 888.456.2227

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