

# Money and mental health.

Financial health and mental health are linked.

Financial challenges can cause significant stress, which can impact our mental health and wellbeing. Similarly, the state of our mental health can make it harder to get on top of our finances.

People experiencing financial challenges are **twice** as likely to experience mental health challenges and vice versa.



(ASIC and Beyond Blue, 2022)



*When we're talking about the mental health impacts of small business, first of all, it's self-worth. Second of all, it is a responsibility to feed my children, my family, put a roof over their head, etc, and the impact of becoming insolvent says, 'I'm a failure', not just to my partner and children, but also to family and friends..."*

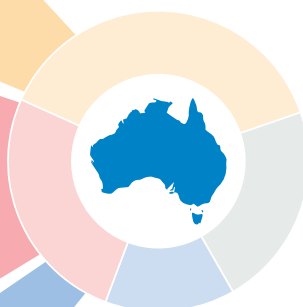


From 2014-2018

**38%**  
of Australians experienced financial hardship

**26%**  
experienced symptoms likely to indicate a mental health condition

**14%**  
experienced both.



In 2020, rates of mental distress were **4x higher** for people experiencing financial stress compared with people who did not.



(Coping with COVID-19: Rethinking Australia, 2020)

## Who does it affect?

- All people in Australia can be affected by mental health and financial challenges.
- However, young adults, women, First Nations Peoples and small business owners are more vulnerable to financial and mental distress.

(ASIC and Beyond Blue, 2022)



### Self-employed people and small business owners

- In 2020, small business owners reported financial stress as their biggest worry.  
(Treasury, 2020)
- 50% said they were financially stressed and 15% were only making ends meet. Almost half – 47% – were mentally distressed.  
(Coping with COVID-19: Rethinking Australia, 2020)
- Those on fixed term (73%) and casual (77%) contracts were more vulnerable to adverse income shocks.  
(Coping with COVID-19: Rethinking Australia, 2020).



### Women

Women are significantly more likely than men to experience financial hardships and symptoms likely to indicate a mental health condition together.<sup>1</sup>

During the COVID pandemic women faced further vulnerability, including:

- greater job losses and workforce participation drop out;
- increased demands on time and energy from supporting school children with home learning and attending to family needs in lockdown;
- higher levels of psychological distress; and
- increased homelessness and housing insecurity through this period.



### Young adults

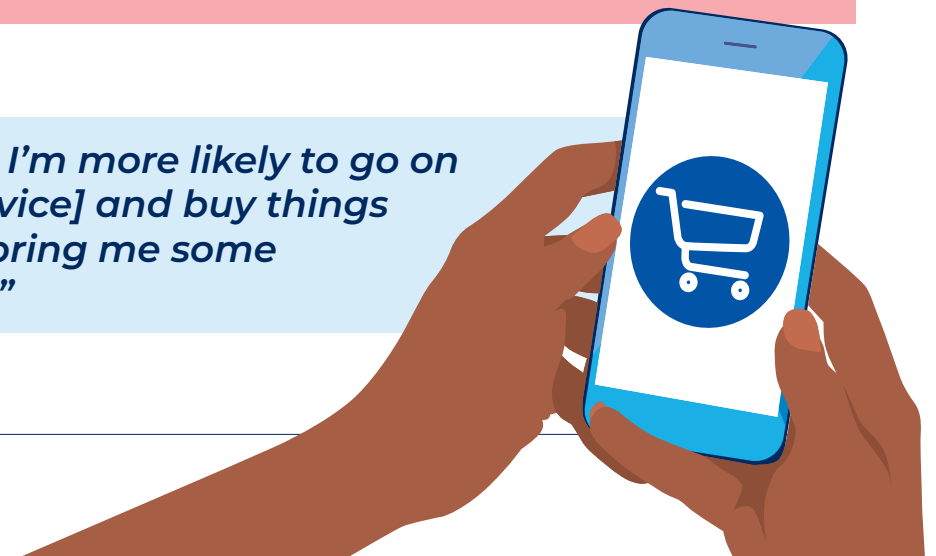
Younger adults were found to be significantly more likely to:

- experience financial hardship than those of older age
- experience symptoms likely to indicate a mental health condition
- experience both.



*When I get depressed, I'm more likely to go on [buy now pay later service] and buy things that are just going to bring me some temporary enjoyment."*

<sup>1</sup> (Based on analysis of Wave 18 of HILDA data release 18.0 V2).



## Many factors influence mental health and financial wellbeing

### Socio-economic factors

- Health, unemployment, earning potential and life journeys are the biggest issues affecting financial wellbeing. Socio-economic factors account for 54.5% of a person's overall financial wellbeing.

(ANZ Financial Wellbeing Survey, 2021).

### Cumulative and compounding life events

- Life events can directly impact financial and mental wellbeing simultaneously. This includes life transitions, relationship losses, family violence, work related and legal events. As the number of these challenging life events increase, so does the effect on financial and mental wellbeing.

(ASIC and Beyond Blue, 2022).

### Community wide events

- Relationships, social support and community connection can impact financial and mental wellbeing. People who feel they have no one to lean on are more likely to experience financial and mental health challenges. Withdrawal is a common response to financial hardship.

### Stigma

- A variety of factors influence how people respond to money and mental health challenges. These include stigma, shame and our social relationships. The research identified high rates of stigma of multiple types. These include:

### Financial stigma

Shame, a sense of failure and reluctance to speak or seek help about financial challenges. This is due to concerns about what other people might think.



### Social comparison

Pressure to keep up financially with others and a sense of isolation when this isn't possible.



### Mental health stigma

Reluctance to speak or act on mental health challenges due to fear of discrimination or shame.



### Common behaviours associated with stigma and shame include:

- Delays seeking help.
- Withholding information from others, including when speaking to professionals.
- Avoidance, self-medication and unhelpful behaviours.
- Withdrawing from friends, family and work.
- Prolonging unhelpful behaviours.
- Delays recognising or acknowledging a problem.

## Self stigma finances



*I'm ashamed – I was a grown woman, and I was not in control of my life. It got to the point, where finances were like this cloud over the top of everything.”*

## Perceived financial stigma



*In this country we still have very much a taboo about money and so people don't want to share. It's very shameful to have debts that you can't pay.”*

## Key actions to take

Accessible and appropriate supports have a major impact on a person's recovery from money and mental health challenges.



### As communities

- Reduce stigma around money and mental health
- Encourage early help-seeking for both financial and mental health challenges
- Make it easier for people to navigate support options.

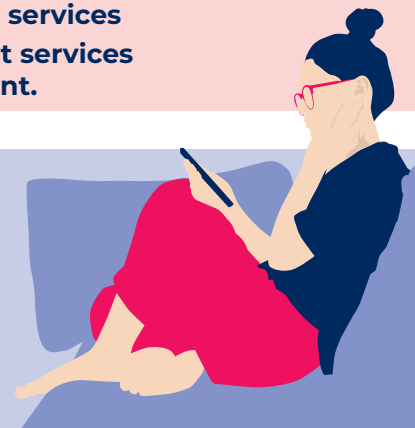
### For organisations and people working with others.

- Build mental health literacy
- Help people recognise and respond to mental and financial wellbeing risk
- Build skills, such as how to check in on someone and refer people to appropriate services
- Cross-referrals between support services when early indicators are present.

### As individuals

(experiencing financial hardship or supporting someone who is)

- Better understand the link between money and mental health, and the impact of stigma
- Prioritise self-care (exercise, diet, sleep, connection with others)
- Build skills and knowledge about mental and financial wellbeing.



For support or more information, the following resources are available:

- ASIC/Beyond Blue report
- Beyond Blue
- Moneysmart
- National Debt Hotline
- Financial Counselling Australia

#### References

- ASIC and Beyond Blue research
- ANZ Financial Wellbeing Study
- First insights from the National Study of Mental Health and Wellbeing, 2020-21 (ABS) National Study of Mental Health and Wellbeing (ABS)
- Coping with COVID-19: Rethinking Australia (Melbourne Institute: Applied Economic & Social Research, The University of Melbourne)
- Department of Treasury
- Child and caregiver mental health during 12 months of the COVID-19 pandemic in Australia (medRxiv).