

- Finance

How mental health impacts financial wellness

The Citizen (Gauteng) · 9 Oct 2023 · 2

It is important to know how to handle the effect of your mental health on your financial wellness. When your mental health's in a downward spiral, your finances often pay the price and it has been shown that your emotional state can play a big role in your spending habits. "When you are stressed or anxious, you are more likely to make impulsive purchases or take on debt. Stress and anxiety can lead us to seek immediate gratification rather than considering the long-term implications of our decisions," says Wanita Isaacs, Momentum's head of key accounts.

People with strong mental health are better at managing their finances and making sound investment decisions.

They are less likely to succumb to impulse-buying and more likely to think through their decisions rationally before making them, she says.

With this in mind, it is important to take care of your mental and financial well-being to be successful in both areas of your life.

"Taking some time out for ourselves can help reduce stress levels. It can also help us to be mindful about how much money we spend every month."

Although it is usually not as easy as "taking a walk", she believes seeking advice from a mental health professional when needed and a financial advisor can help with striking a healthier balance between mental and financial well-being.

Mental blockages

Isaacs says habitual decision-making is one way your mental health affects your finances. "When you're used to making the same choices, it's easy to buy things without considering if they're necessary."

Decision fatigue also plays a major role in your financial decisions. You only have so much energy and focus when it comes to making choices. When it runs out, you are more likely to turn to bad spending habits.

"Instead of focusing on what you need, and working slowly to achieve your financial goals, some of us obsess over material possessions or the desire to become wealthy quickly. If left unchecked, both can leave us with debt or other financial problems. This exacerbates the stress and anxiety that triggered the behaviour, causing a spiral that erodes mental and financial well-being."

Talk about it

To prevent this spiral, she advises speaking to professionals who can support you in clarifying things, provide insights and help you work out a personal plan for your unique situation.

"Talking to a professional can help you find a way out of a challenging situation and towards healthy mental and financial habits.

Together you can work towards achieving your goals. Our money and minds are linked. One impacts the other and we need to equip ourselves with the best advice," she says.