



Working to ensure debt doesn't become despair

When money starts to run out, relationships often pay a heavy toll, writes **Emma Kennedy**,
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Money may make the world go round, but it can also make people feel like their world is falling down around them.

While addressing debt and budget issues obviously requires a lot of number crunching and belt tightening, there are also less tangible results of money problems. For the thousands of families around the country who are finding it hard to pay the bills each month, money can be the root of huge stress.

"Traditionally women were the ones to seek help from our service," said Michael Culloty, spokesman for the Money Advice and Budgeting Service (Mabs). Culloty said that typically women were better at facing up to the reality of their financial situation. "A lot of men have a tendency to put things on the long finger. That can apply to everyone, but we tend to see it more with men," he said.

According to the latest figures from Mabs, the organisation took on 6,436 new female clients in the first half of 2011. This compares with 5,222 new male clients during the same period.

Some of this reluctance by men to address their financial problems can be linked to the traditional notion of the man as the breadwinner. "From a male perspective, money problems can affect their view of themselves in terms of their ability to earn and support their family," Culloty said. "When that is removed, it can be quite a psychological shock."

But it's not just men whose self-

image is entangled with their financial situation. "People often view a failure to deal with their finances as a wider failure," Culloty said.

It's a vicious circle, with financial stress making it harder to take the steps required to address the issue. "People are frightened to open letters or answer the phone," Culloty said.

So what effect does this type of fear and stress have on your ability to make financial decisions? "The evidence from behavioural economics shows that emotions are very important," said Brian Lucey, professor of finance at Trinity College Dublin. "If someone is in a heightened emotional state, they are less likely to make a rational decision."

However, Lucey added that a cold, calculating approach was not necessarily ideal either, and he explained that all financial decisions – in times of stress or otherwise – involved some level of emotion. He cited research which showed that factors such as personality type, gender and age were all affected by people's approach to risk and, by extension, their financial decision-making.

Professor Colm Harmon, director of University College Dublin's **Geary** Institute and a professor of economics, said that people did not behave as rationally as traditional economic models presumed, and added that behaviour varied based on stress levels. "People's financial choices become more erratic and less coherent during periods of stress. A nasty by-product of recession is the higher level of psychological distress that people face, which compounds the problem."

Financial problems are also having knock-on effects on health, both mental and physical. Louise Ward, a counsellor and psychotherapist at the Stepside Medical Centre in Dublin, said that she was seeing a lot of people with anxiety problems as a result of financial stress. "One of the biggies at the moment is anxiety, which is coming out in physical ways," she said.

According to Ward, people were under severe financial stress with worries about paying the bills, and were also concerned about future financial security. "I've also seen cases of pregnant women who are very worried about the financial situation they are bringing their baby into," she said.

The ways in which this anxiety manifests itself depends on the level of stress the person is under, but Ward listed a number of potential physical outcomes, including hyperventilation, a faster heartbeat, cold hands and a pale appearance.

She also said that stress could affect a person's sleeping and eating habits.

For couples, financial worries can take their toll on relationships. "Money is definitely a factor in relationships," said Ward. "Certainly the lack of it [money] can cause a lot of stress and strain."

Figures released last month by Accord, the Catholic marriage care service, showed an increase of 9 per cent in the number of clients listing financial problems as a source of conflict in their relationships. "Many of the people concerned never imagined that they would be in this position," said Liam Lally, co-director of counselling at Accord.

"They had good jobs, bought a modest house and the future seemed secure. So first there is the shock that what was planned and seemed reasonable has been wiped away. This is compounded by the uncertainty that now exists."

The extent to which money affects your relationship will largely depend on how strong the relationship was before money became an issue. "If your relationship is based solely on maintaining a lifestyle, then money problems can make you question the basis of the relationship," Culloty said.

Ward said: "If there is a problem in your relationship, and money has become a cushion, then once that is gone, what fills the gap?"

Communication is vital for a family to survive money woes, according to Ward. However, she said

that this was often easier said than done. "For a lot of men particularly, it can be difficult to talk about it, even with their wives," she said. "But if you don't verbalise it, it will come out in other ways."

"Some people will try to hide the money issue from themselves and from others, including sometimes their partner," Culloty said. "They are ashamed of where they are and don't want to worry anyone else."

Lally said the first step that couples needed to take was to acknowledge that there was a problem. "There is a need to define exactly the extent of the problem and the couple need to make a firm decision that they will fight the issue together, rather than fighting with each other," Lally said.

And it's not just adult relationships that are affected by money

problems. "Children, even at a young age, are very aware of stress and tension at home, if Mammy and Daddy are arguing a lot or if there is a breakdown in communication," Lally said.

"Older children become aware that they can no longer afford to have things that they had last year or that some of their peers still have."

Ward said: "Prior to the recession, parents were doing everything for their children, such as piano lessons and drama lessons and whatever else they could squish in. However, now a lot of them feel under huge financial pressure." She added that parents should not despair, as research had shown that what children really craved from their parents was time.



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