

Connections Between Money & Emotional Wellness



The Connections Between Money & Emotional Wellness

Emotional Wellness Month, observed each October, represents a prime opportunity to think about how we handle our emotions as they relate to life events. As defined by the [National Center for Emotional Wellness](#), emotional wellness refers to “an awareness, understanding, and acceptance of our feelings and our ability to manage effectively through challenges and change.” Although we spend a good deal of time focusing on our physical health and quality of life, we often overlook our emotional well-being. October is a good time to spend focusing on maintaining a healthy emotional state.

This topic also is relevant to Mental Illness Awareness Week, which takes place the first week of October each year. Anxiety disorders are the most common mental health illness in the United States, and depression is now the leading global cause of illness and disability. And we should also remember how closely our financial health is intertwined with our emotions and mental health. The relationship between financial and mental wellness is clear, strong, and also circular: poor mental health causes issues with money, and worries about money have an impact on mental health.

As clarified by the UK-based [Money and Mental Health Policy Institute](#) (MMHPI), financial difficulties – for example, being heavily in debt – are one of the most common sources of stress and anxiety. The stigma attached to money and debt problems makes it hard for people to ask for help, so they can become isolated and paralyzed. The financial issues may force them to cut back on essentials like food and electricity, in turn exacerbating the mental health impact.

On the other side of the equation, mental health problems also make it harder to earn money: individuals with anxiety and depression have lower average incomes and are much more likely to be unemployed. When working, people with mental health problems are more likely to work part-time (37% vs. 24% of those without mental health issues) and are over-represented in lower-paying jobs.



Making good financial decisions becomes harder when we're facing emotional challenges. We might become more prone to making impulse purchases, not paying bills on time, or not setting aside enough money in savings. These actions, in turn, intensify our financial stress, which affects our emotional health, in an endless cycle.

NFEC Money & Mental Health Survey 2020 – 2022

The National Financial Educators Council (NFEC) conducted [annual surveys](#) between 2020 and 2022 to get a better handle on the connection between people's finances and their emotional states. They gathered the data each September so the results could be released in conjunction with Emotional Wellness Month and Mental Illness Awareness Week in October. The goal is to understand the connections between people's financial capabilities and their money-related attitudes and behaviors.

Two questions on the survey aimed to illuminate whether personal finances are negatively affecting people's mental and emotional health.

NFEC Survey Results: Effects of financial worries on mental and emotional health

Question	2022	2021	2020
	% Strongly Agree or Agree	% Strongly Agree or Agree	% Strongly Agree or Agree
My personal finances have a negative impact on my emotional & mental well-being	27.3%	31.9%	32.4%
My personal finances are a cause of stress	34.8%	27.6%	28.7%



The third question asked respondents to name their top financial concern at the time of the survey.

NFEC Survey Results: “My top financial concern is”

Financial concern	2022	2021	2020
Covering basic needs (food, housing)	19.0%	9.3%	10.4%
Saving money	15.1%	20.2%	20.6%
Reducing expenses	7.7%	8.9%	9.2%
Security of income or job	7.5%	9.6%	9.3%
Debt load	3.5%	7.8%	8.8%
Credit score	3.5%	3.4%	5.0%
None of these	43.7%	40.7%	36.7%

One important result stands out from these findings: the proportion of respondents who said their top financial concern was covering basic needs (like food or housing) more than doubled between 2021 and 2022. Given the strong connection between financial health and emotional/mental health, this increased worry about being able to cover the basics has implications for Americans’ emotional wellness going forward.

The statistics in the next section show how money affects not only a person’s bank account – but every aspect of life, including mental and physical health, life expectancy, relationships, career, and lifestyle.



Statistics on the Connection Between Financial & Emotional Health

The majority of Americans (90%) in 2023 said financial considerations have an impact on their stress levels. ~[Thriving Wallet](#)

In 2022, 65% of American adults overall and 81% of those aged 26-43 said money was a significant source of stress in their lives, the highest recorded point since 2015. ~[American Psychological Association](#)

87% of Americans in 2022 said rising prices on everyday items due to inflation was a significant source of stress. ~[American Psychological Association](#)

Among approximately 5,500 people with experience of mental health problems, 86% said their financial situation had made their mental health problems worse. ~[Money and Mental Health Policy Institute](#)

Almost one in five (18%) people with mental health problems are in problem debt, and nearly half (46%) of people in problem debt also have a mental health problem. 72% of survey respondents said their mental health problems had made their financial situation worse. ~[Money and Mental Health Policy Institute](#)

While experiencing mental health issues, 63% of people find it harder to make financial decisions; 42% put off paying bills; and 38% took out a loan they would not otherwise have taken out. ~[Money and Mental Health Policy Institute](#)

In 2023, less than 25% of Americans feel extremely optimistic about their financial futures, and 40% say managing their money on a daily basis limits the extent to which they can enjoy their day-to-day lives. ~[Thriving Wallet](#)

“Money issues” is the third leading cause of divorce in the United States. ~[Institute for Divorce Financial Analysts](#)

According to a 2019 study, money is a topic on which couples consistently disagree, regardless of the happiness level in the relationship. ~[University of Tennessee, Knoxville](#)

Breaking Free from the Negative Cycle

The stress of debt overload or financial insecurity can have a crippling impact on a person’s emotional and physical health. But whatever a person’s circumstances, there are ways to get through tough financial times and ease the stress and anxiety caused by money problems.

Helping people [increase their financial capabilities](#) can go a long way toward improving emotional and mental well-being in the United States. First, it’s important to have someone [qualified and trusted](#) to talk with about your personal financial situation. Budgeting and planning

helps people monitor their spending habits and make adjustments so they can save enough and avoid overspending. Setting up automated bill payments and savings deposits help give people confidence that their bills will be paid on time and their savings can continue to grow. Regular financial reviews are in order to ensure that savings and retirement planning are on track toward preset goals.

Coping with Financial Stress



To help cope with financial stress, self-care should be a top priority. When you're feeling stressed, it's easy to overlook this need, but self-care is key to both financial and emotional wellness. When we take care of our mental and physical health, we're able to make better financial decisions. Self-care practices like exercise, hobbies, and meditation can help us improve our focus and strike a better balance between money and emotions.

It's also important to go easy on yourself. Anybody can fall into financial difficulties. Coping with the resulting stress primarily requires making a solid plan and then following through with it. Don't get derailed by setbacks – you don't have to beat yourself up, just do your best to get back on track as soon as possible.

