Overwhelmed by all the negative news? You might need financial therapy



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Amid the whirlwind of surging [interest rates](https://www.theglobeandmail.com/topics/interest-rates/), talk of a recession and exploding mortgage and rent payments – not to mention daily headlines about global crises – many Canadians feel as though they’re in a state of numbness.

This numbness, and a longing for the “normal” of yesteryears, may translate into financial paralysis. If you’re putting off making financial decisions and plans, waiting for the world to settle down, you’re not alone. And a little-known type of therapy might be able to help.

”Financial therapy,” said Natasha Knox, a financial planner with Alaphia Financial Wellness in the Greater Vancouver Area, “is the application of therapeutic techniques to financial matters, to help people think, feel, communicate and behave better with respect to money.”

She is part of a movement of practitioners who are embracing deeper training on the psychological aspects of money management. While the traditional Certified Financial Planner certification has been incorporating behavioural finance and psychology into its educational curriculum for years, Ms. Knox also holds the lesser known Certified Financial Behavior Specialist, or FBS, designation

There are only a handful of FBS designation holders in Canada, as it’s conferred by an American organization. Similar is the Certified Financial Therapist (CFT-I) designation, only available in the United States – though its administering association’s website indicates a desire to expand to other countries. And it is likely that financial therapy, in various forms, is poised to grow, given the demand and the lessening stigma associated with mental health care in general, and the intertwining of money and mental health specifically.

The effects of rapidly rising interest rates has been a particularly large strain overwhelming many Canadians – and inducing outright fear for those whose mortgages are coming up for renewal, Ms. Knox says. Other major financial concerns her clients have mentioned include housing (not only for themselves, but for future generations) and what AI will mean for their careers and the job market.

People often rely on mental shortcuts when making financial decisions, which can lead to suboptimal outcomes at the best of times, she explained. When we add in overwhelm and fatigue, the results can be even worse.

“Overwhelm tends to impair our decision-making in general.”

Add in climate change, conflicts around the world graphically depicted in high definition and the infinite yelling of arm-chair analysts, and the potential for it all to negatively impact our decision making is apparent.

But regardless of the specific cause, the solution is the same when it comes to our financial state of mind, Ms. Knox says.

“The antidote is time and rest, and actual calculations. Whenever possible, folks should be aware of when they are tired, and implement a personal rule of not making decisions when they are feeling tired and overwhelmed. Beginning of day is usually better than end of day for this reason.”

Once the overwhelm and fatigue become chronic, it’s time to get professional advice, she adds.

Ms. Knox describes financial therapy as a spectrum, with financial planners who incorporate behavioural finance and psychology at one end, and mental health professionals at the other.

“Clients can enter into financial therapy at either end, or at any point along the continuum. As you move further closer toward the middle, you will encounter practices that truly incorporate both mental health and financial planning, to fully straddle the middle,” she said. This could be one practitioner with training in both fields, or a collaboration between two professionals.

If you don’t have access to professional therapy, Ms. Knox offers a prescription of sorts:

1. Give yourself some time when making significant financial decisions. Consider your options in the morning, or whenever you feel the most recharged.

2. Get clear on the main outcomes you’re hoping to achieve. This will help you understand which variables are the most important.

3. If there is a numbers component, math it out. There are lots of free calculators online.

4. If you’re still stuck, and if the decision has a non-mathematical component, find an objective “thinking partner” – not necessarily an advice-giver, but someone who’s great at reflecting on what they’ve heard – to help you untangle your thoughts and find clarity.