

Health Article

# 5 steps to financial self-care

Taking time to care for your finances can not only help you focus on the positive side of money, but contribute to your overall well-being, says a financial advisor.

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By Paula Kehoe

We often get reminders to take care of our physical, emotional and mental health. But what about your financial wellness?

One report by FP Canada found that 41 per cent of Canadian adults lose sleep over money worries. The biggest culprit was bills, followed by saving enough for retirement and debt.

COVID-19 has had a significant impact on people's spending and saving habits. In a Chartered Professional Accountants of Canada survey, one in three Canadians said the pandemic is straining their finances. This was mainly due to unemployment and reduced incomes.

Prioritizing your financial well-being can lead to a healthy, happy life, explains Paula MacMillan, a Sun Life financial advisor in Winnipeg with Prairie Sky Financial Services Inc. "Caring for your finances is an important, yet often overlooked form of self-care that you shouldn't ignore."

## What is financial self-care?

Financial self-care is about lowering your stress by taking control of your money, MacMillan says.

"It's making sure that you spend within your means, have a budget in place to make sound financial decisions, plan for emergencies and prepare for the future. It should also include having basic financial knowledge like interest rates, credit scores and mortgage terms. If any of those are missing, your financial self-care is at risk."

There are also physical consequences of financial struggles, too. It can:

- cause sleep problems, headaches and other illnesses
- strain personal relationships
- lead to serious health problems, such as heart disease, high blood pressure, depression and anxiety
- decrease your productivity at work

## Why is financial self-care important?

"When you have financial independence, you're not turning to credit cards or high interest loans to bail you out or support you to make ends meet," says MacMillan. "You can work towards retirement, education planning or saving for a big-ticket item. But you have to be able to do that without relying on credit and incurring additional high-interest debt."

## Why do people find it difficult to practice self-care with their finances?

People often brush off advice on how to save for a rainy day and avoid too much debt. That's because there's no immediate payoff, MacMillan explains.

"If you're going shopping, or to a football game or taking a vacation, there's immediate gratification," she says.

But paying off debt, saving for retirement or working towards a mortgage-free life doesn't reward you instantly. "It takes time and because of that, people can lose sight of their goal."

This is when people get frustrated because saving isn't tangible in the same way that self-pampering is, says MacMillan. "You may feel like you're not doing enough for yourself now. But making small changes over time can help you get to a more comfortable, stress-free place in the future."

It's important to remember that money and your emotions will never be friends, she adds. "Money has no feelings. It will never be compassionate or caring. So, you have to be in control of the emotion and make the money work for you. Not the other way around."

## Ways to practice financial self-care

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Being financial savvy doesn't mean your money woes will disappear entirely with a simple self-care routine, explains MacMillan. But it can give you a fresh approach to managing your funds, regardless of your level of wealth. Here are five ways to include financial self-care into your self-care routine.

1. Be honest about your money habits. What do you think about money? It's not surprising that a lot of us have a hard time being upfront about our finances, says MacMillan. One reason is facing our financial situation means we have to actually do something about it. "Your spending habits can affect your life and those around you. Are you feeling poor when you look at your bills and rich when you're out shopping? Is your debt making you feel hopeless? It's important to be realistic so you can mentally move forward with a plan."

2. Check your bank account regularly. Watch your transactions closely — at least once a week, MacMillan recommends. "People don't bounce cheques anymore. We now use debit or credit cards to pay for most things. You want to make sure that what's coming out of your account is what you intended to come out. And that you pay your bills on time."

3. Prioritize your debt payments. It's frustrating to make monthly payments that only go toward the interest, not the principal, says MacMillan. "Significant debt like \$10,000 or more with 19% interest, will take about 24 years to pay off. So, start focusing your debt repayment efforts on your highest-interest debt first. Doing so will save you more money and redirect funds to other financial goals sooner."

4. Start an emergency fund. What if your car broke down, or you took time off work due to an injury? Would you have enough money to cover your expenses without going into more debt? "The pandemic is a great example of why an emergency fund is more important than ever," says MacMillan. "Some of these things are out of our control and can happen to any of us. If you don't have an emergency fund, you could rob your RSP savings, or borrow on credit cards and lines of credit, which will hurt you later." MacMillan recommends aiming to save three to six months of your salary. While that may seem like a lot, it's okay to start small and build up overtime. "If you can only put away \$25 a week or each paycheck, that's good, too."

5. Stick to a budget. This is a great way to track and control where your money goes, not restrict it, says MacMillan. It allows you to see your income and expenses. That way, you can determine how much extra money you can put toward your debt each month. It's also okay to budget for things that bring you joy, like a latte or dining out.

If your money stress, or any stress, is becoming hard to manage, you can use Lumino Health to [book an appointment](#) with a mental health professional.

Need financial advice? Make well-informed decisions with helpful advice. Talk to your advisor or find one near you. [Find an advisor](#).

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