



MSN Money

The Basics

Is your money making you crazy?

Some people are born worriers, and when the economy is shaky, their imaginations go into overdrive. Here are five tips for coping with impending doom, real or otherwise.

By [Liz Pulliam Weston](#)

A deteriorating economy, the volatile stock market and plunging home prices have plenty of people worried. But some folks are really going off the rails.

Bad financial news can create overwhelming anxiety, obsessive thoughts and extreme pessimism in people who have a troubled relationship with money, therapists and financial planners say. For example:

- When the stock market takes a dive, they predict an epic crash.
- When forecasters discuss a recession, they're convinced the second Great Depression is days away.
- If the unemployment rate ticks up, they picture themselves on the streets with a shopping cart.

Financial planner Brent Kessel calls these hyperalert, anxious folks "guardians" and says they are particularly vulnerable to overreacting to gloomy money news.

"This is exactly the kind of situation their unconscious mind has been waiting for," said Kessel, the author of ["It's Not About the Money: Unlock Your Money Type to Achieve Spiritual and Financial Abundance."](#) "Inside they're saying, 'I told you this would happen!'"

Of course, said Washington, D.C., money therapist Olivia Mellan, some of those in a cold sweat over the economy or the markets have good reason to be.

That includes people who are living beyond their means, have little savings or are facing big debt payments, such as a mortgage they can't quite manage, said Mellan, the author of ["Money Harmony: Resolving Money Conflicts in Your Life and Relationships."](#)

Compulsive actions

But others experience outsized emotional and physical reactions to money uncertainty, even if their basic financial situations are under control.

What's more, they often end up doing the very things that make their anxieties even worse, Kessel said, such as compulsively checking their portfolios or concocting "doomsday scenarios" in a futile effort to feel in control.

"They respond by saying, 'I'm going to be superalert. I'm going to watch all the instruments and dials every second,'" Kessel said.

Typically, these people suffered some emotional blow in childhood or early adulthood, said Los Angeles psychiatrist James Gottfurcht. The trauma may not have been related to money, Gottfurcht said, but it likely was. Their parents may have gone bankrupt or lost the family home; as children they may have experienced want or deprivation; perhaps they were disowned or otherwise cut off before they were able to take care of themselves. Often their bodies begin reacting to financial distress even before their minds have fully processed the actual threat.

"People who have had some abuse or trauma . . . their nervous system is conditioned to go to a bad place more quickly," said Gottfurcht, the founder of [Psychology of Money Consultants](#), which coaches people on financial issues. "You might experience tightness with your breathing, constriction in the chest, heart palpitations, facial tics or twitches. Once you start to react in your body, your mind tries to rationalize it whether you're aware of it or not." That creates a kind of endless feedback loop: Your body tenses, so you begin imagining impending doom, which causes your body to seize up even more.

"It feels like a threat to your survival," Kessel said. "When my sense of security with money is threatened, it's like you're holding a knife to my throat."

How to get a grip

The problem, of course, is that you can't assess the reality of your situation when your mind and body are in a tizzy. Whether your anxieties are based in fact or are mostly fantasy, here are some ideas for getting yourself in hand:

Separate what you can control from what you can't. Obsessing over matters you can't influence is pointless. You need to switch focus to what you can control before you can begin feeling any mastery over a situation.

What's beyond your control? Among other things:

- The economy.
- The investment markets (stocks, bonds, commodities, whatever).
- Interest rates (unless you're the Fed chief).
- Housing prices.

Here's how to control your worries about job security, money, relationships and your health. What's within your control?

- What you choose to think about and dwell upon.
- What you eat, how much you exercise, whether you take time to relax, your sleeping patterns.
- How much of your paycheck you spend.
- How your investments are deployed.

Switching your focus to these latter areas and taking concrete steps to improve your situation can help you battle your anxiety.

Take a break. Pay attention to your body, Gottfurcht advises, and do something to break the cycle of tension. If your heart is racing, your breathing is shallow and your shoulders are somewhere up around your ears, you can:

- Take some deep breaths.
- Get some aerobic exercise.
- Practice yoga.
- Take a hot bath or shower.
- Get a little sunshine.
- Laugh (hang out with funny friends or watch a comedy on DVD, for example).

"These are all things that help physiologically," Gottfurcht said, "to interrupt that bodily tension."

Regular exercise, a good diet, a decent amount of sleep and time spent with supportive family and friends are also important, he said, to staying on an even keel.

Have a plan. An actual financial strategy, including asset allocations for your investments and a plan to pay down debt or build up savings, can give you a sense of security in an insecure world. If your net worth has dropped because stocks are down or housing's in a slump, you may feel some relief if you find ways to save a little more or knock down some debt.

Kessel also recommends that guardian types set some kind of "then I'll worry" limit to help them manage fear. "If you just say, 'You're going to be fine,' they don't believe a word of it," Kessel said. "Someone needs to set the limit so that they know, 'You're going to be fine until this happens.'"

Let's say you're retired with a \$750,000 portfolio from which you draw \$2,000 a month. That's a sustainable withdrawal rate until your portfolio drops to \$500,000, Kessel said.

"That's when you'll know you need to start scaling back your lifestyle, earning some extra money."

Need help setting limits or coming up with a plan? A fee-only financial planner can help, and you can get referrals from the [National Association of Personal Financial Advisors](#) or the [Garrett Planning Network](#).

Write down your fears -- and your solutions. Money therapist Mellan regularly recommends this exercise to what she calls "worriers": the ones who constantly fear worst-case scenarios. Go ahead, she said, and write down your deepest anxieties about what may happen -- and then write about what you would do next.

Let's say you're worried you'll lose your job, that you'll fall behind on your mortgage or rent and you'll lose your home. Then what would you do?

Perhaps you could move in with a family member. No, it wouldn't be ideal, and it probably would be cramped, but you wouldn't be on the street. Then think about what you could do for money while you looked for your next job. Maybe you could fall back on skills you used in a former job or start a small business.

The details aren't important. What's essential in this exercise is realizing that you have resources and options for dealing with catastrophes, should they actually happen.

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Get help. Figuring out why you respond to money the way you do can help you respond more calmly and stop self-destructive behaviors.

There are plenty of self-help options. Kessel offers [a quiz](#) on his Web site to help you identify your financial type, plus exercises in his book for pinpointing and counteracting what he calls your "core story," or deepest-held beliefs about money.

But some beliefs are so ingrained or responses so destructive that professional psychological help might be warranted. People who are prone to debilitating panic attacks, uncontrollable spending, gambling binges or other serious disorders may need to seek out a therapist to get to the root of their troubles.

Liz Pulliam Weston's new book, "Easy Money: How to Simplify Your Finances and Get What You Want Out of Life," is now available. Columns by Weston, the Web's most-read personal-finance writer and winner of the 2007 Clarion Award for online journalism, appear every Monday and Thursday, exclusively on MSN Money. She also answers reader questions on the [Your Money message board](#).

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