

# WHAT IS FINANCIAL TRAUMA?

**Financial Trauma** is recognised within the mental health and financial planning communities. It refers to the emotional and psychological impact that can result from significant financial loss or instability.

This can include events such as bankruptcy, significant debt, loss of a job, or significant investment losses, among others.

The experience can lead to stress, anxiety, depression, and a host of other emotional difficulties, affecting one's financial behavior and decisions in the long term.

Overcoming financial trauma involves a multifaceted approach, blending financial management strategies with emotional support. Here are some steps one can take:

**Acknowledge the Trauma:** Recognizing and acknowledging the emotional impact of your financial experiences is a crucial first step. Understanding that your feelings are valid can help in starting the healing process.

**Seek Professional Help:** Consulting with both financial advisors and mental health professionals can be beneficial. A financial advisor can help you assess your financial situation, develop a plan to manage your finances, and provide guidance to prevent similar situations in the future. A therapist, especially one with experience in financial trauma, can help you navigate the emotional aspects, offering coping strategies for stress, anxiety, and depression.

**Educate Yourself:** Learning more about personal finance management can empower you to make informed decisions. Knowledge can also help reduce anxiety about the unknown and give you a sense of control over your financial future.

**Develop a Financial Plan:** Work on creating a budget, setting up an emergency fund, and planning for the future. This can help you feel more secure and reduce stress related to financial uncertainty.

**Build a Support Network:** Surround yourself with supportive friends and family. Joining support groups with people who have gone through similar experiences can also provide comfort and advice.

**Practice Self-Care:** Engaging in activities that promote well-being, such as exercise, meditation, and hobbies, can improve your mental health and resilience.

**Set Small, Achievable Goals:** Setting and achieving small financial goals can help rebuild your confidence and sense of control over your financial situation.

**Reframe Your Relationship with Money:** Work on developing a healthier relationship with money. This might involve changing how you view money, understanding your money triggers, and learning to separate your self-worth from your financial status.

**Recovery from financial trauma takes time and patience. It's important to take small steps and celebrate progress, no matter how minor it may seem. Remember, seeking help is a sign of strength, not weakness.**

