Mental barriers to breaking the debt cycle

It happens to many of us. We struggle to pay off our credit cards and other consumer debt only to end up back where we started a few months later. It is frustrating and demoralizing. All that hard work and sacrifice for seemingly nothing! Why does this happen?



It happens because getting and staying out of debt is less about gaining control over our finances and more about our mental attitude. To move forward, we need to understand our financial behaviour, reassess our prioritiesand be accountable for our mistakes. We need to overcome the mental barriers that are holding us back. Some examples of these include:

- **Thinking it is "no big deal".** If you are thinking, "Everyone is in debt these days, right?" or, "As long as I pay the minimum amount required I will be fine," you are in denial. While some debt, like a mortgage, may be necessary, excessive consumer debt (credit cards, loans, etc.) is a serious problem that can affect both your personal and professional relationships, as well as your ability to reach your future financial goals.

- **Feeling overwhelmed.** We owe so much that we might feel that it is impossible to pay it all off – so why even try? This type of thinking will keep us in debt. Paying off debt requires a positive mental attitude and focus.

- **Feeling deprived.** Paying off debt requires perseverance and patience. It can take months to get control of our finances and months more of not giving in to temptation. Emotional spending can compound this issue. For many of us, spending money, or ''retail therapy'', is a way to make ourselves feel better. Whether we are anxious, sad, or simply bored, treating ourselves to the latest gadget, a new outfit, a night out or a day at the spa gives us a lift. But when we react emotionally, we do not think of the consequences. The best way to deal with emotional spending is to understand what triggers it and then look for alternate, healthier ways to deal with our feelings.

- **Feeling pressured.** Controlling your debt can be especially difficult when friends and co-workers are buying the latest electronics, enjoying fun holidays or shopping for shoes. We might feel pressured to keep up with our clients, co-workers, family and friends in the race to have the newest smartphone or best car. You may feel that not having these things reflects negatively on you. But does anyone really notice? And if they do, does it really matter in the grand scheme of things? Your future financial health is more important.

- **Feeling embarrassed.** Yes, it may be embarrassing to admit that you are in debt. But this is when you need to ask for help and support. Call your Employee and Family Assistance Program (EFAP) provider or your financial institution and ask to speak with a financial advisor. Confide in family members and friends – they can provide emotional support, perspective and great advice. They may be surprised or even a little disappointed at first, but they care about you and will be happy to do what they can to help – especially when they know you have taken charge of the situation.

If your negative thinking and behaviour is getting in the way of achieving your financial goals, remind yourself that the money you are spending on high interest rates is money you could have in your pocket. Getting out of debt may require a great deal of time and sacrifice, but once accomplished, you will feel liberated by having control over the money you have worked so hard to earn.