Financial Anxieties: Nine Steps for Coping With Your Worries

President's Message

Robert L. Leahy, *American Institute for Cognitive Therapy, New York*

Millions of people have experienced a wave of anxiety, rage, and feelings of hopelessness during this recent financial crisis. Many of our patients—and many of us, as well—have witnessed substantial losses in pension funds, devaluation of real-estate, foreclosures on homes, denial of credit, and loss of jobs. The financial crisis is world-wide, hitting countries outside of the United States even more severely. How can we use cognitive behavioral therapy to help ourselves and our patients cope with a real-life financial debacle?

I would suggest that there are nine steps that we can take to cope with this miserable problem (Leahy, 2005). By coping with a problem I do not imply that everything is wonderful and that there isn't reason for anxiety, anger—even rage. But the question to ask about coping with real problems is, "How long do you want to be unhappy about it?" and "How long do you want to worry about it?" Rather than add anxiety to injury, let's look at some coping strategies.

First, give yourself permission to say, "OUCH!!!" Yes, it does hurt. It is unfair. Validate the pain that this has caused you and recognize that you have every right to feel angry. Then ask yourself, "How long do you want to stay in the OUCH mode?"

Second, if you are a worrier, think about what the costs and benefits are to you of worrying about the future. (Let's define "worry" as repetitive negative thoughts about future events that haven't happened.) How much time during the day is taken up with rumination and worry? Is it interfering with your life? What do you hope to gain from worry? Do you think that it will keep you from being surprised? Is it really working?

Third, use productive worry to take action and identify unproductive worry to discard useless thinking. Productive worry involves action steps that you can take in the next 24 hours that will really help you solve your problem. For example, you might diversify your investments, start keeping a budget, and reconsider major expenses. Unproductive worry involves "what-ifs" about which you have no control. Examples are, "What if the economy goes into a depression?"

Fourth, once you have identified unproductive worry, think about the advantages of accepting uncertainty (Dugas, Buhr, & Ladouceur, 2004). Many worriers continue their repetitive thinking to gain absolute uncertainty. There is no certainty in an uncertain world. Practice mindfulness meditation, stay in the moment, improve the moment, and let go of control.

Fifth, challenge some of your negative thinking. Some people view this is a "catastrophe." Think about how the present situation is really different from the 1930s and the Great Depression. In the 30's the market fell 89% and unemployment was 25%, whereas as of January 1, 2009, the Dow Jones Industrial Average fell for the prior year about 33% and unemployment is 6.7% (anticipated to go to about 9%) (National Bureau of Economic Research, 2009). In the 1930s (for much of the time) there was no unemployment insurance, no FDIC, no Social Security, no food stamps, no safety net. Today, there are numerous federal and local programs that help cushion the loss of income. Average wealth and income were very low in the 1930s—but today, in America, total household wealth is about 52 trillion dollars. As bad as unemployment is, even if it were to go up to 9% it would reflect what the average unemployment rates were in Western Europe for most of the 1980s and 1990s (Cameron, 2001).

Sixth, we can normalize recessions as part of the nature of financial markets. For example, we had recessions (of various durations) starting in April 1960 (10 months), December 1969 (11 months), November 1973 (16 months), January 1980 (6 months), July 1981 (16 months), July 1990 (8 months), March 2001 (8 months), and, now 2008–2009 (National Bureau of Economic Research, 2009). Recessions come to an end. Think about getting ready with job skills and plans for recovering for the end of the recession. Plan for growth.

Seventh, try to distinguish your "needs" from your "preferences." What did you do before you had the money? What are some things that you can do for free? What do your children and partner really need from you? I have found that the current financial crisis has helped clarify for some patients what really matters. Indeed, liberating yourself from materialism can be the best way to enrich the life that you are living today. I suggest to my patients to begin each day by focusing on something that they can do for free—something that is valuable to you. This could be showing affection, experiencing appreciation, expressing gratitude, listening to music, praying, reading, exercising, or other "mundane" but truly wonderful experiences.

Eighth, stretch time to think about how you can build for the future. Many people are myopically focused on recent market trends. If history is any guide, most recessions are followed by 8 years of growth. If this is the bottom, then we have a lot to look forward to.

Ninth, build a life portfolio. Positive psychology demonstrates that money can't buy you much happiness. A sense of flow and meaning in life can be found in clarifying your values—for example, try to aim for the virtues of integrity, courage, kindness, and compassion. Work at improving the loving-kindness in your relationships. Volunteer to help people who are less fortunate than yourself. If your life portfolio is greater than your financial portfolio, then you are highly diversified. And you are richer for it.

Keep in mind that you have every right to feel upset and every right to move beyond the situation to make your life better. It's your choice.

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Correspondence to Robert L. Leahy, Ph.D., American Institute for Cognitive Therapy, 136 E. 57th St.,Suite 1101, New York, NY 10022; Leahy@CognitiveTherapyNYC.com