



BULLETIN

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Millennials say anxiety about money is literally making them sick

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Money anxiety affects their work and personal lives

When Claudia Pennington, 32, started to get serious about conquering her debt, she owed more than \$200,000. She and her husband Garrett, who live in Lancaster, Pa., owed \$156,000 on their mortgage, plus \$16,500 in credit card bills and \$36,000 in student loans.

At the time, she was “always worried about money,” she said, and found herself constantly checking their debt balance and the amount in their checking account.

The anxiety even affected her at work.

“I tried to toe the line,” she said of working in marketing before she became self-employed. “I didn’t want to make waves for fear of losing my job, even though I had some suggestions for how to improve things.”

The Pennington’s have now paid off the entirety of their debt — by selling their house, cutting back on spending and boosting their incomes— and the anxiety has mostly gone away, too. But the constant fear of not having enough funds plagues their entire generation.

More than a quarter of millennials say financial stress affects their job performance, over twice the rate of the general population who feels that way, according to a study of more than 2,000 people released in August by insurance and financial planning company Northwestern Mutual.



The Pennington’s sold their house to reduce their debt.

Financial anxiety also has made about a quarter of millennials feel physically ill, according to the study, and has made more than half feel depressed.

Kara Perez, a 29-year-old living in Austin, said she felt sick because of her anxiety about money when she graduated from college in 2011 with more than \$25,000 in student loans. She was unable to find full-time work and worked various part-time jobs, including as a caterer and receptionist.

Perez said she remembers crying a lot at the time, and she felt she was “swimming in a sea of anxiety.”

“I often feel anxiety in the pit of my stomach,” she said. “It would manifest as nausea for me.”

For many millennials, who came of age and entered the job market during the economic recession, the bad feelings are pervasive. Some 69% said they experienced anxiety because of their income, 67% said it was because of their level of savings and 53% said it was because of worry about losing their job.

“So much of anxiety is just feeling out of control,” said Chantel Bonneau, a wealth management advisor at Northwestern Mutual. “You can never just check a box and say, ‘I handled my financial planning.’ It’s every day of your life you’re forced to make decisions.”

The high cost of housing also presents challenges, and millennials have more student loan debt than any previous generation.

“Millennials really do want a plan, and they are aware they need to save,” Bonneau said. “It’s not the same ball game to buy a property it was maybe 50 years ago or even 25 years ago.”

But for those who do have jobs and incomes, there are some places they can make cuts that could ease the anxiety and put them on a path to saving for a house or other major goal, Bonneau said.

About a third of the millennials surveyed said they were prone to excessive or frivolous spending, more than the 26% of those in Generation X and 19% of baby boomers who said this. About a third of millennials also said they have ended up spending money they budgeted for other things, like savings, on themselves. Just 15% of those in Generation X and 4% of baby boomers said this.

In fact, millennials spend more than an average of \$2,300 per year than older generations on key items including groceries, gas, restaurants, coffee and cellphone bills, a survey from the personal-finance website Bankrate.com found. Millennials spent \$233 a month on meals compared with \$182 in older generations and \$161 per month on cellphone charges, versus \$135 for people in older generations. (Still, millennials spend less than older generations do on travel and television-related costs.)

Pennington and her husband cut dining out and travel from their budgets at first, she said.

Bonneau suggested staying off social media so you don’t fall into a “compare and despair” trap.

She also suggested thinking of financial goals in smaller steps, to avoid feeling “hopeless” about larger goals like owning a home or retirement.

Actually creating a financial plan, whether on your own or with a financial adviser, is another good strategy, she said; just one-third of American adults write out a budget at all, according to a survey from polling company Gallup.

For her own clients, for example, it can be helpful to show them projections that illustrate how just adding one or two percent more of their income into a 401k can make a big difference over time, she said.

“If you were saving 0% yesterday and we can get you to saving 3%, that’s a huge victory,” Bonneau said. “It’s about progress.”

Pennington said she wishes she would have focused more on boosting her family’s income, rather than only on the small budget cuts, which add up, but slowly.

But like Bonneau, she also said goal-setting can work, even with hundreds of thousands of dollars of debt looming.

“Focus more on the daily actions and steps to get there, rather than the anxiety,” she said.

Perez was able to completely pay off her student loans four years after graduating. She took various part-time jobs including as a nanny, a van driver for a high-school golf team, a high school lacrosse coach and a freelancer for social media clients.

“Even when you’re feeling at your lowest, the most stressed out, and when the numbers feel like they won’t add up, it’s possible,” she said. “Keep the faith.”