Special Reprint Edition
As seen in USA TODAY,
July 23, 2008

Economy's stuck, but business is booming at therapists' offices

By Marilyn Elias

The struggling economy is hurting many Americans' mental health: Anxiety, depression, sleep problems and money-rooted marital conflicts are growing, experts around the USA say.

Requests for therapists increased 15% to 20% in the past three months, "primarily driven by concerns about the financial situation," says Richard Chaifetz, chairman and CEO of ComPsych in Chicago, the nation's largest employee-assistance mental health program. The program has more than 24 million members.

The number of people online who talk about economic problems triggering stress has surged, according to John Grohol, a psychologist and publisher of PsychCentral.com. "It's rare to see one topic so infiltrating the concerns of people who otherwise seem to have nothing in common," he says.

Joy Browne, a psychologist in New York whose WOR radio network talk show airs on 200 stations, says that for about a year she has been hearing from working-class listeners who have been beset by layoffs and hair-trigger tempers at home. But now even upper-middle-class people are taking a hit to their emotional well-being.

"They expected to retire, and now they can't," Browne says. "They're being asked to take care of their grandchildren's education. They have homes they can't sell, and they can't travel."

In Plantation, Fla., Priscilla Marotta says: "People are more agitated, anxious and angry. ... You wouldn't believe how much the economy is talked about in therapy these days. It's the first time I've seen it in 20 years of practice, and I'm hearing the same thing from colleagues across the country."

More than half the clients in her middle-class practice talk about economic fears, and one-quarter to one-third say financial stress was the main reason they sought therapy. Both were rare occurrences until the past six months, Marotta says.

In other cities:

▸ **Barrington, R.I.** Layoffs, job insecurity and college expenses are stressing out even fairly well-off patients, psychiatrist Scott Haltzman says.

▸ **Los Angeles**. In an area where 50-mile work commutes are common, gas prices are hammering people, psychiatrist Judith Orloff says. "I've had patients who were laid off and others worried about whether they can afford to get kids to faraway schools they need for special education." Sleep problems are soaring, she says. "They lie awake at night and worry."

▸ **New York.** Male managers who never had trouble switching jobs before now see their options closed, and they feel their masculinity eroding, says Alon Gratch, a psychologist. "The job situation creates crises at home. People are less tolerant of one another, and there's more conflict."

Objectives

- Read the article "Economy's stuck, but business is booming at therapists' offices."
- Discuss the negative mental health effects of financial stress.
- Compare and contrast two case studies with spending plan guidelines for financial security.
- Create an action plan for how people can change their behavior now to help build their family's financial security.

Preparation

Each student will need:

- A copy of the article "Economy's stuck, but business is booming at therapists' offices."
- A copy of the lesson.

1. Read the article and answer discussion questions. (20 minutes)

- What kinds of mental health problems are Americans experiencing because of financial problems?

____

____

- What outlets have people found for discussing finance-related stress?

____

____

- What financial situations are causing stress?

____

____

- How can financial stress create problems at home?

____

____

- What could decrease financial stress?

____

____

- What do you see as benefits to being financially secure?

____

____

2. Financial security: How do you get it? (25 minutes)

Directions: Get into small groups of three or four. Read the spending plan guidelines listed below. Then, select one scenario from those labeled A-C. Compare the scenario to the spending plan guidelines and list what people did right or wrong and how they should change. Then, select one scenario from those labeled 1-5 and repeat the comparison to the guidelines. Be prepared to share your insights with the class.

Spending plan guidelines

1. Know how much you earn each month. Tally how much you spend each month. Make sure you're bringing in more than you spend.
2. Managing your flexible expenses is one of the easiest ways to maintain the spending plan and control expenses. Do you need to go golfing? Do you need that lunch out?
3. Set aside some of your earnings to pay down higher interest debt or to put into savings or an emergency fund (a fund that should equal three to six months of your current income).
4. Look for ways to cut your expenses: Clip coupons for products you usually buy; comparison shop and wait for sales; telecommute or modify your daily commute to use less gas or go through fewer tolls; and don't exceed your monthly minutes on your cell phone.
5. Avoid paying fees, like those associated with using another bank's ATM, paying bills late or going over the limit of your credit card.
6. Lower household utility expenses by improving energy efficiency. Low-cost fixes include a programmable thermostat, new insulation and compact fluorescent bulbs. Change or clean furnace filters. Close doors to rooms that aren't being used. Turn off the lights. All of these help to reduce your monthly utility costs, and every penny counts.

Scenarios A-C

SCENARIO A: More unexpected bills coming in. Work is slowing down and odd jobs are getting harder to find so as to make extra money.

My wife is still going through her occasional spending spree. The water bill that came in was $62 higher than the last. I cut some more stuff from my budget so as to keep things in balance.

I try to string no-spend days together as much as I can. I have my coffee home and we buy bread products at a discount and freeze them for later use.

We had work done on the house and that cost us a pretty penny. I believe we have added to the value of the house. When the old front steps were taken down we found termites in the early stages. It is interesting how some exterminators will rip you off if they can. We found someone for a quarter of the price of the first quote who did the same thing.

We will soon need to replace my wife's car as well as get a car for my daughter. I don't know where I am getting all this money. I am still a bit short of the $100,000 number for my daughter's college education. I am working on it. I keep struggling not to slip back into debt but it is so hard these days to keep your head above water. Food, gas, electric, etc. … are getting more expensive every day.

I am fortunate in that the mortgage is paid and the cars we own are bought and paid for. *(Excerpted from PRICEPLUS' personal finance blog, August 15, 2008.)*

SCENARIO B: I ran my net worth as of August 31st, and it went up over 5% last month. Nothing like automatic 401(k) contributions to make the finances look better!

Also on the financial front, I tried a new commute (again). Once the kids start school, I can take a train to work. The net result will be a little better than what I currently have, some of my out-of-pocket will come out pretax, and my auto insurance should drop a little, because my round-trip commute dropped from 60 miles/day to 14. That should help with my enormous gasoline bill, too. So I'll start this daily on Friday.

Checked out the various rebate programs for September. Walgreens, as usual, has the best… four Pepsi 12-pks for a rebate (and different from the mail-in Pepsi rebate, so you can do them both!). Also rebates on batteries and children's Tylenol and Motrin, both of which I need to stock up on. *(Excerpted from mjrube94's blog, September 1, 2006.)*

SCENARIO C: Today I packed breakfast (Cheerios & milk), lunch (pasta salad and grapes) and snacks (carrots and strawberries) for work.

On the way in this morning, I filled up the car with gas at $3.69/gal! Glad I did it, on the way home that same station was sold out. The next lowest price in the area was $3.80. I spent $48.58 of my $60.00 budget. I've put the remaining funds $11.42 in a savings account.

After work, I headed into the area around the university. I parked in a free parking lot and walked two miles around the campus. I headed home. Made dinner. I'm watching free movies from Comcast, giving myself a pedicure and playing on the Internet. Great start to the weekend! *(Excerpted from HouseHopeful's Personal Finance Blog, August, 1, 2008.)*

Scenarios 1-5

SCENARIO 1: Alli is a young and successful professional in her early 30s. She is working her way up the corporate ladder and lives lavishly, regularly shopping on Rodeo Drive. She has a beautiful home and drives a $60,000 Porsche Cayman S. For vacation this year, she plans two trips: one to Australia and one to Europe for a 15-day stay in only the best resorts. Large purchases are made by credit. More than half of her monthly income goes to pay off existing debt.

SCENARIO 2: Ms. Eron, a retired schoolteacher, has a husband who was recently diagnosed with a rare and painful cancer. Their insurance will cover 80% of traditional cancer treatments. Unfortunately, her husband's form doesn't typically respond to traditional treatments. She has a modest pension from her teachers' union and a retirement fund of $400,000. So far, her husband's out-of-pocket medical expenses are at $43,000.

SCENARIO 3: Scott works as a mechanic and brings home just enough to cover the bills for his wife and five children. His wife, who was making $12 an hour working retail, stays at home to watch the youngest two children and to be there when the older three get home from school. However, the garage Scott worked at closed, and he was unable to find another garage willing to hire a mechanic without any formal training. After two months, his savings account was empty.

SCENARIO 4: Justin just retired from his day job and decided to invest in flipping some real estate. He bought a home, planned to spend two months fixing it up, and then turn around and make about $30,000 in profit. However, it took him two months longer than he expected to fix up the house. When he finally completed it, the market had soured. He hasn't been able to sell the home and is now making two mortgage payments. On top of that, he signed a high-interest adjustable rate loan on the property since he was planning on selling it quickly. The interest rate is set to adjust up to 13% in just two months. With the money he has in savings, Justin will only be able to make another six months of payments on both homes.

SCENARIO 5: Tracy is a single working mom whose average income is enough to pay for her and her two children's needs. However, Tracy agreed to co-sign a loan for her brother three years ago. When he recently declared bankruptcy, making the payments on that loan fell to her. The payments are too much, and she's not sure what she should do.

4. Debrief and apply. (10 minutes)
On the board, write the topic "creating financial security." Underneath, create two headings. Label one, "what to do" and the other, "what not to do." As a class, list the actions that should fall under each category. Then, answer the two questions below:

- What behaviors can you change to help your family build financial security?
- How else can you add to your family's financial health?