

Education, Financial Worry, and Mental Health During the Covid- 19 Pandemic

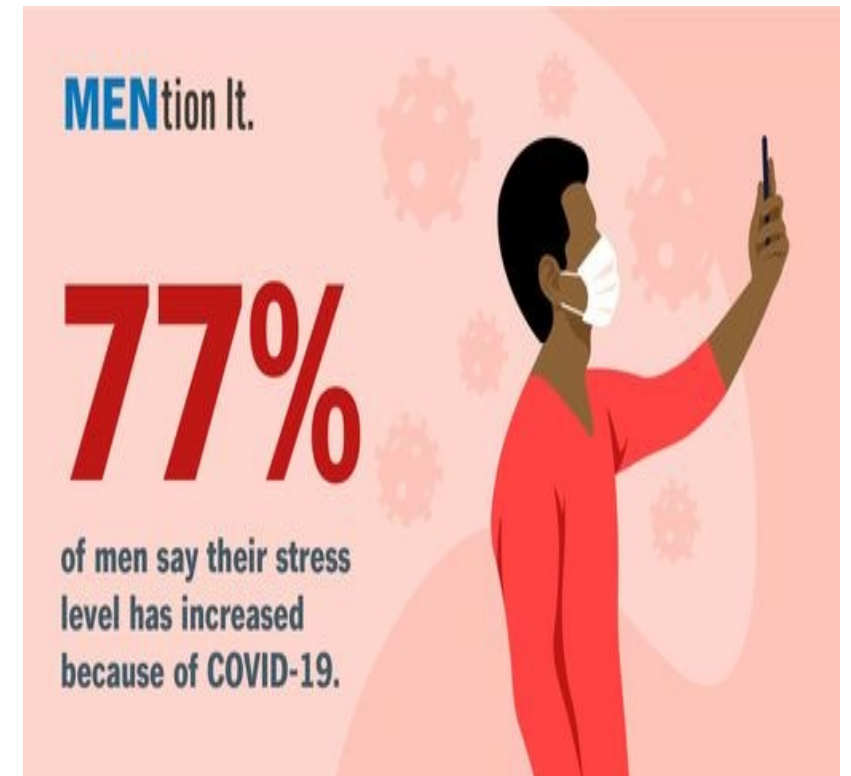
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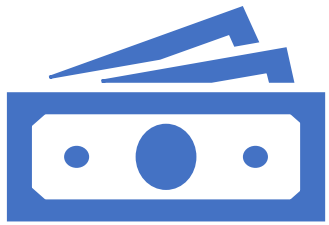
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Introduction

- The COVID-19 pandemic quickly became a global health crisis. It led to widespread illness and unprecedented healthcare challenges.
- Businesses of all sizes faced closures, supply chain disruptions, and reduced consumer demand. This resulted in job losses and financial instability for millions of individuals and families.
- Central banks and governments implemented stimulus packages and monetary policies to stabilize economies, but the economic impact was far-reaching and complex.



Agenda



Understanding
Financial Stress



Impact on
Mental Health



Coping
Strategies




Seeking
Professional
Help




Q&A

Financial Stress

- “Financial stress refers to a state of emotional or psychological strain that arises from financial problems. It occurs when individuals or households are unable to meet their financial goals, leading to a sense of insecurity, anxiety, and overall distress.”
- 



Mental Health and Pandemic

- Rise in Anxiety and Depression
 - Isolation and Loneliness
 - Substance Abuse
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Purpose

- Examine effects of education and financial worry on depressive symptoms
- Use longitudinal data



Literature Review



Mental health of adults in the UK were impacted during the early stages of the COVID-19 pandemic (O'Connor et al., 2021)




Financial worry was positively associated with depressive symptoms in the US (Wilson et al., 2020)



Financial worry was one of the main stressors of anxiety and depression in China (Li et al., 2020)

Transactional Model of Stress and Coping

(Lazarus and Folkman, 1985)

- Reveals the dynamics that individuals experience when confronted with financial stressors.
 - Step 1: Primary Appraisal - Evaluating Financial Stressors
 - Step 2: Secondary Appraisal - Evaluating Coping Resources and Abilities
 - Step 3: Coping Strategies - Managing Financial Stress and Mental Health
- 



Hypotheses

- H1: Education level is negatively associated with depressive symptoms.
- H2: Financial worry is positively associated with depressive symptoms.
- H3: The relationship between educational disparities and depressive symptoms is mediated by financial worry.
- H4: Financial worry is positively associated with the change in depressive symptoms over time.



Data

- The American Life Panel (ALP) is a national online survey panel managed by the RAND Corporation.
- The panel consists of adults aged 18 and older living in the United States.
- The data used for this study comes from four waves of the ALP survey that were conducted between June 2020 and March 2021.
- All measures were assessed at baseline (T1), 3-Month follow-up (T2), 6-month follow-up (T3), and 9-month follow-up (T4).



Financial Worry

How worried are you that your household income has been or will be negatively impacted by the COVID-19 and its effects?

4 = Very worried, 3 = Somewhat worried, 2 = Not very worried, 1 = Not at all worried.

In the past month, how difficult has it been for you to cover your expenses and pay all your bills?

3 = Very difficult, 2 = Somewhat difficult, 1 = Not at all difficult

Depressive Symptoms

Kessler Psychological Distress Scale (K6+)

- *During the last 30 days about how often did you feel so sad that nothing could cheer you up?*

1 = None of the time; 2 = A little of the time; 3 = Some of the time; 4 = Most of the time; 5 = All of the time

Analysis: Model 1

$$\begin{aligned} \gamma_{ti} = & (\gamma_{00} + \gamma_{01}(\text{FinancialWorry}_i) + \gamma_{02}(\text{Age}_i) + \gamma_{03}(\text{Female}_i) + \gamma_{04}(\text{Married}_i) \\ & + \gamma_{05}(\text{EMP}_i) + \gamma_{06}(\text{Education}_i) + U_{0i}) \\ & + (\gamma_{10} + \gamma_{11}(\text{FinancialWorry}_i) + U_{1i})(\text{Time}_{ti}) + (\gamma_{20} \\ & + \gamma_{21}(\text{FinancialWorry}_i) + U_{1i})(\text{Time}_{ti})^2 + e_{ti} \end{aligned}$$

Analysis: Model 2

$$DS_{ti} = (\gamma_{00} + \gamma_{01}(Education_i) + \gamma_{02}(Age_i) + \gamma_{03}(Female_i) + \gamma_{04}(Married_i) + \gamma_{05}(EMP_i) + U_{0i}) + (\gamma_{10} + \gamma_{11}(Education_i) + U_{1i})(FinancialWorry_{ti}) + e_{ti}$$

Results

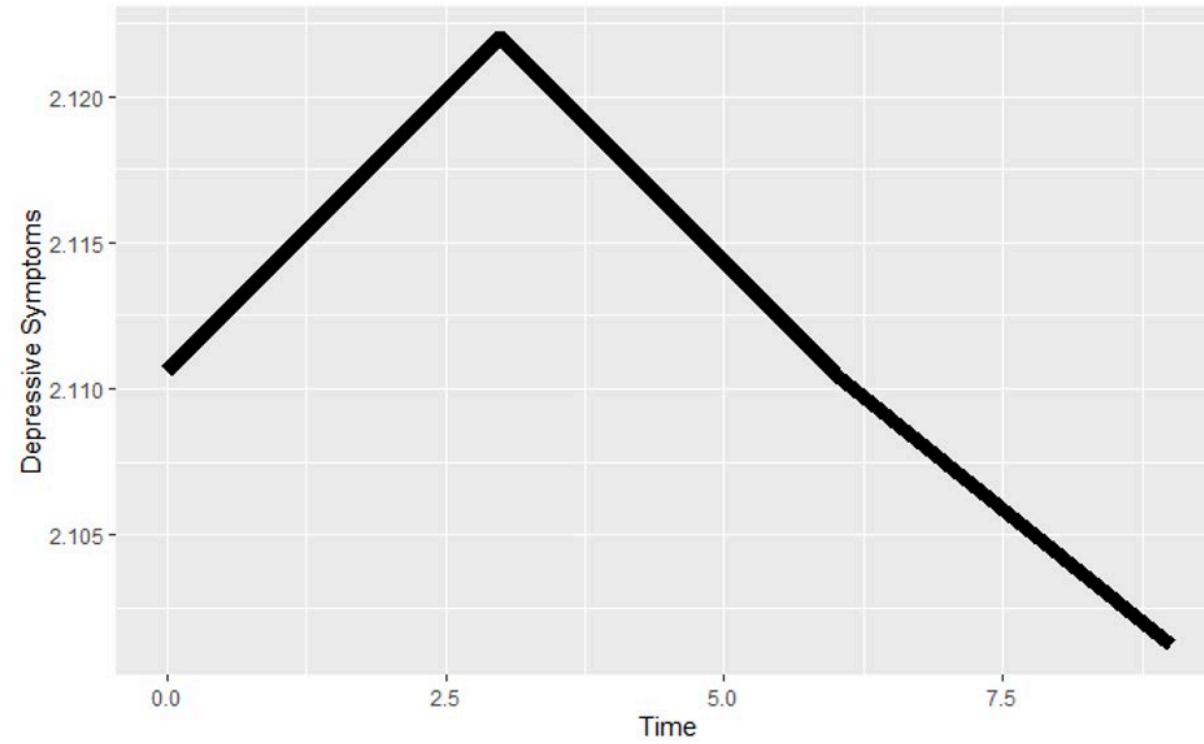


Figure 1 Depressive Symptoms over Time

Results

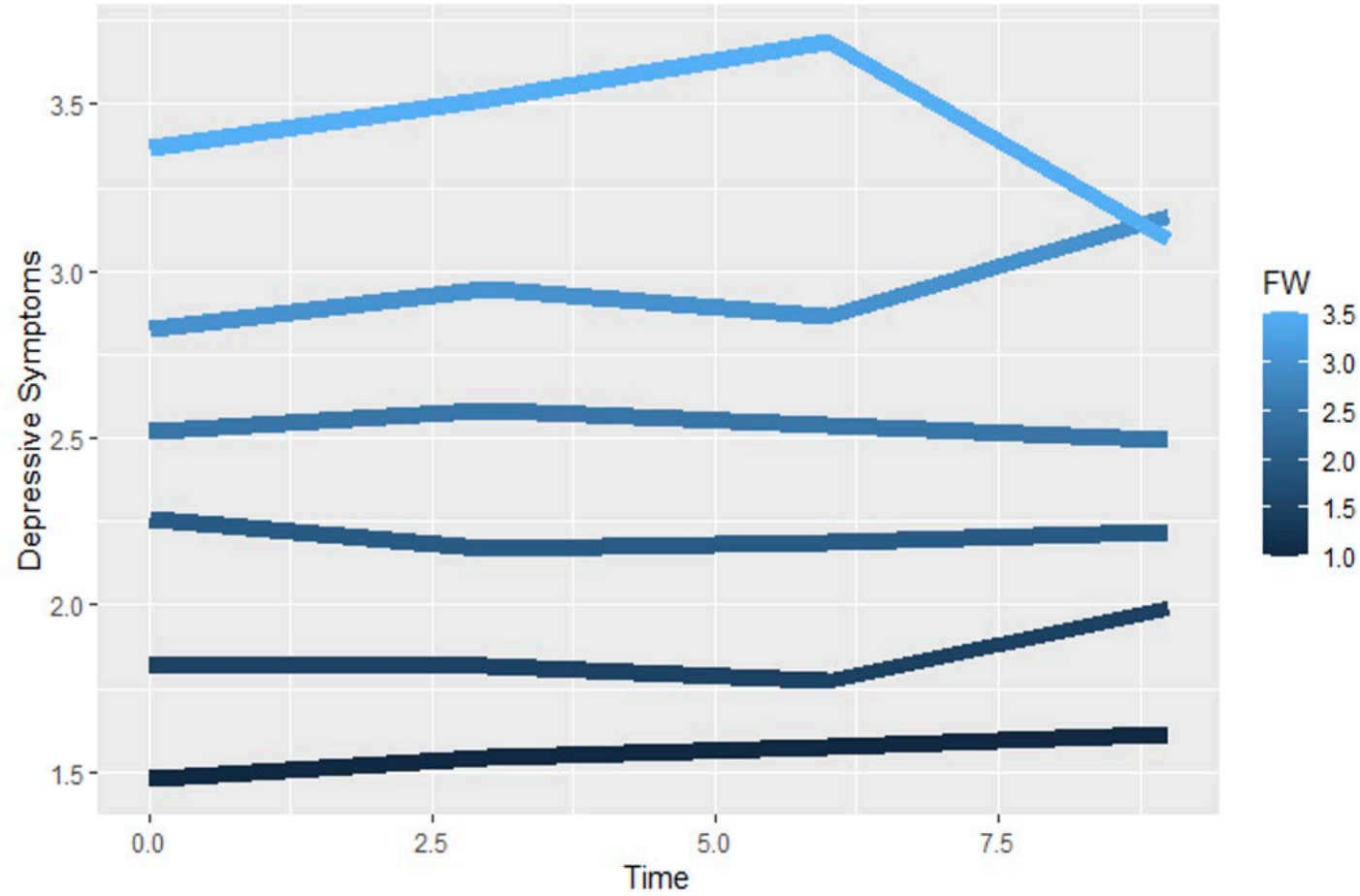


Figure 2 Depressive Symptoms over Time by Financial Worry

Results

Table 2 Multilevel Model Results: Financial Worry and Depressive Symptoms

Predictor	Model 1		Model 2	
	Estimate	95% CI	Estimate	95% CI
Fixed effects				
Intercept	2.122***	[1.940, 2.246]	0.996***	[0.609, 1.384]
Financial Worry	0.823***	[0.727, 0.920]	0.458***	[0.263, 0.653]
Random effects				
Between level				
<u>FinancialWorry×Time</u>	0.042***	[0.017, 0.068]		
FinancialWorry×Time ²	-0.005***	[-0.008, -0.002]		

Results

Direct effects

Education Level ->Financial
Worry

-0.054*** [-0.075,-0.032]

Financial Worry->
Depressive Symptoms

0.458*** [0.263,0.653]

Indirect effects

Education Level ->
Financial Worry ->
Depressive Symptoms

-0.034*** [-0.051, -0.018]

Note: * $p < 0.05$. ** $p < 0.01$. *** $p < 0.001$.

Discussion

- H1: Supported - Education level is negatively associated with depressive symptoms.
- H2: Supported - Financial worry is positively associated with depressive symptoms.
- H3: Supported – Financial worry mediates the relationship between educational disparities and depressive symptoms.
- H4: Supported - Financial worry is positively associated with the change in depressive symptoms over time.

Implications

- Transactional Model of Stress and Coping
 - Problem-based Coping
 - Emotion-based Coping
- What coping strategies have you found that have been helpful during crises, especially the pandemic?
 - Problem-based Coping
 - Emotion-based Coping



Future Research

- More research is needed to understand the mechanisms behind this relationship fully.
- Longitudinal studies measuring
 - Income instability
 - Debt burden
 - Coping strategies





Thank you!



Coping Strategies - Financial

Budgeting and Financial Planning

- 1. Budgeting: Creating and sticking to a budget is a fundamental tool for managing financial stress. It involves:
 - Tracking income and expenses
 - Identifying areas for saving or cutting back
 - Creating a realistic spending plan
- 2. Financial Planning: Consider long-term financial goals, such as retirement or buying a home. Develop a financial plan to achieve these goals, which can provide a sense of purpose and control.

Coping Strategies - Financial

- 3. Establishing an Emergency Fund: Having a savings buffer can alleviate financial stress during unexpected events. Aim to save three to six months' worth of living expenses in an easily accessible account.
- 4. Debt Assessment: Evaluate your debts, including credit cards, loans, and mortgages. Understand the interest rates, minimum payments, and due dates.
- 5. Seek Professional Guidance: If necessary, consult a financial advisor or credit counselor for expert assistance in managing and reducing debt.

Coping Strategies - Mental Health

- 1. Exercise Regularly: Physical activity releases endorphins, which can boost your mood and reduce stress. Aim for at least 30 minutes of moderate exercise most days of the week.
- 2. Maintain a Healthy Diet: Proper nutrition can positively impact mental health. A balanced diet can provide essential nutrients that support brain function and emotional well-being.
- 3. Prioritize Sleep: Adequate sleep is crucial for mental and emotional resilience. Establish a regular sleep schedule and create a relaxing bedtime routine.

Coping Strategies - Mental Health

- 4. Stay Connected: Maintain connections with friends and family, even if it's through virtual means. Social support can provide emotional sustenance during challenging times.
- 5. Seek Supportive Communities: Consider joining support groups or online communities where you can share experiences and advice with others facing similar challenges.
- 6. Practice Mindfulness: Mindfulness involves staying present and focused on the moment. Mindfulness meditation, deep breathing exercises, and yoga can help reduce stress and improve mental clarity.

Seeking Professional Help

When it's Essential to Seek Professional Financial Advice

- 1. Complex Financial Situations: If your financial situation is exceptionally intricate, such as managing investments or tax planning, consulting a financial advisor can provide valuable insights and guidance.
- 2. Debt Crisis: When your debts become overwhelming, reaching out to a credit counselor can help you create a structured debt repayment plan and negotiate with creditors.
- 3. Major Life Changes: Significant life events like marriage, divorce, retirement, or inheriting a large sum of money may require professional financial advice to make well-informed decisions.





Case Study

Personal Stories

- Real-life stories can provide a human perspective on these challenges. Here are some testimonials from individuals who have faced financial stress and its impact on their mental health:
 - Sarah