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Healing Financial Trauma: The Role of Mindfulness and Therapy in Breaking Generational Patterns

Jeffrey Overall
Centre for the World Conscious Economic System, Canada

ABSTRACT

Financial post-traumatic stress disorder (PTSD) is defined as chronic stress associated with meeting one's financial obligations. Not only do sufferers of financial PTSD experience socioeconomic challenges with their condition, according to brain imaging data, sufferers also experience physical health symptoms through altered activation in several regions of the brain. Further, like PTSD, financial PTSD can be hereditary where it can be passed from one generation to the next. To help treat patients of PTSD, mindfulness practices like meditation and financial therapy are effective. Implications for practice are discussed, and future research areas are suggested.

Keywords: Consciousness; financial literacy; financial PTSD; intergenerational trauma; meditation; mental health; mindfulness; PTSD

INTRODUCTION

Financial post-traumatic stress disorder (PTSD), a subcategory of PTSD, is defined as chronic stress associated with meeting one's financial obligations. Financial PTSD sufferers experience PTSD symptoms, such as: emotional distress, negative thoughts, negative emotions, mood disturbances, and sleep disturbances, that are associated with their finances (Ashford, 2016). To help treat patients of various mental health conditions, consciousness-expanding modalities like mindfulness meditation, defined as maintaining awareness of the present moment that has an orientation toward curiosity, openness, and acceptance (Bishop et al., 2004), have shown to be effective (Godwin, 2018). Regular meditators are able to develop psychological coping strategies, which can help them overcome adversity, such as employment issues and other financial burdens (Borden, 2017; Overall, 2021, in press). Beyond meditation, financial therapy, which is an emerging field of enquiry involving "… the study of cognitive, emotional, behavioral, relational, economic, and integrative aspects of financial health (Archuleta and Grable, 2011, p. 8)," has also been identified as a potential intervention for individuals suffering from financial PTSD. In general, financial therapy is an interdisciplinary approach combining financial planning with therapeutic techniques.

MAIN ARGUMENT

According to the extant PTSD literature, not only do individuals experience socioeconomic challenges (i.e., financial insecurity) associated with their trauma, but they also display physiological challenges. In particular, using brain imaging, Francati et al. (2007) and others (e.g., Hughes and Shin, 2011) have reported that sufferers of PTSD show altered activation in several regions of the brain, including: the hippocampus, insula, parahippocampus, orbito-frontal cortex (OFC), thalamus, a reduction in the activation of the medial prefrontal cortex, and an increase in amygdala activation. Grupe and Heller (2016) determined that sufferers of PTSD display a host of neurobiological challenges that involve abnormalities in the function of the subcortical and cortical structure that can lead to memory loss (Francati et al., 2007). Collectively, these symptoms can affect how sufferers behave and make decisions.

Beyond the physiological effects of PTSD, many sufferers of financial PTSD have been raised in environments where their caregivers also experienced financial trauma. When the symptoms of PTSD, such as anger and aggression are displayed in front of children, it causes them to absorb and reenact the trauma. In this way, financial PTSD can be hereditary as the reoccurrence of unresolved financial trauma, often connected to poverty, can contribute to its transference from one generation to the next (Chakrabarty et. al., 2001; Kellermann, 2011; Overall (2017a, 2017b). This intergenerational trauma can lead sufferers to be locked-in to a cycle of financial instability until the root, namely financial PTSD, is discovered and systematically addressed (Overall, 2017a; Rosalind, 2020).

Since the 2007 credit crisis, the rate of financial instability displayed through debt-fueled consumption has accelerated in many industrialized nations. Overall (2018, 2020a, 2021) reported that North Americans owe approximately 171% of their income. Total household debt is approaching $2 trillion. With these rising levels of unsustainable debt, bankruptcy filings are continually on the rise (Garrett 2007; Overall, 2018; Palan et al. 2011).

To curb these soaring rates of unsustainable debt, policy makers and the private sector have made investments in financial literacy programs. Although useful, it has been argued that many of these programs do not address the mental health root of financial literacy and the intergenerational connection of financial PTSD (Rosalind, 2020). Regardless of exposure to financial literacy programming, until one is fully aware of their financial trauma and this has been integrated, individuals will likely continue to experience symptoms of PTSD and ongoing financial instability. Therefore, to further address financial trauma, financial literacy programs that incorporate mental health are needed (Rosalind, 2020).

Research has shown that mindfulness practices are a successful aid in combatting a myriad of mental health issues, including depression (Carr & Hancock, 2017; Overall, 2020a, 2020b) and PTSD. Regular meditators have showed significant improvements in attentional performance, cognitive flexibility, and cognitive functions on all levels of attention (Moore and Malinowski, 2009). Through regular meditation, practitioners are able to change the functionality of the brain. They develop a thicker prefrontal cortex, which improves interoception and sensory processing (Lazar et al., 2006), ultimately leading to better decision-making (Overall & Rosalind, 2022).

Mindfulness practices enable practitioners to gain access to their subconscious, which is responsible for 95% of one's behaviour. The subconscious is where individuals store their desires, self-worth, and also much of their trauma. By accessing the subconscious, individuals are able to understand their suppressed trauma better and once this has been brought to the conscious mind, these traumas can be reprogrammed through neuroplasticity (Alexander et al., 1991; Arden, 2010). Neuroplasticity involves changing the brain through the creation of new neurons that lead to new circuits that can shift individuals out of old patterns of behaviour into newer, healthier patterns. Neuroplasticity helps to refine, enhance, and improve the nervous system (Yasuno, 2008) by not only reprograming the mind, but also resetting deep-rooted stresses that have been suppressed in the subconscious. By integrating mindfulness practices that involve neuroplasticity, practitioners are able to rewire their neuropathways and ultimately change how their brain functions, which can help improve mental health (Danzico, 2011).

In connection with or independent of mindfulness practices, narrative financial therapy, which involves exploring and reconstructing personal financial stories, has been proposed as a method to address these issues by helping individuals process trauma and develop healthier financial behaviors (Ross & Coambs, 2018). Financial therapy can provide individuals with tools to manage financial stressors, potentially mitigating their impact on psychological well-being (Lee et al., 2022).

Furthermore, integrating psychological interventions with financial counseling has been shown to yield physiological benefits for financially stressed individuals, indicating the effectiveness of a holistic approach in addressing financial PTSD (Serido et al., 2024).

CONCLUSIONS

To address the challenges associated with financial PTSD, financial literacy programs should include three components. First, they need to create awareness of how one's relationship with money effects one's mental health and vice versa. Second, financial literacy programs need to integrate mindfulness practices to help individuals understand their financial trauma followed by neuroplasticity to aid in overcoming said trauma. Third, they need to provide individuals with financial sustainability skills.

Beyond financial literacy programming, as mentioned, another solution to financial PTSD involves providing sufferers with access to financial therapy. Through financial therapy, sufferers are better able to integrate their trauma through traditional psychosocial processes whilst also learning important financial sustainability skills. Given that financial PTSD is a relatively new field of enquiry, areas of future study could involve developing a greater understanding of not only the conditions that contribute to the transference of financial PTSD from one-generation to the next, but also a comparison of the effectiveness of various treatment plans.

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JEFFREY OVERALL, PhD, is an associate professor of conscious entrepreneurship at the Centre for the World Conscious Economic System. His expertise is on: mental health, optimum performance, consciousness expansion, sustainability, and entrepreneurial and organizational success and failure. Email: jeff@capitalistbuddha.ca

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