

People in low income households have methods of getting by on what little they have and these work in the short term. But in the longer term a mess of factors hinder people's capacity to make do, according to the preliminary results of our new research. These include insecure employment and a lack of adequate income support and affordable housing, health care and transport.

As part of [our study](#) we conducted 75 in-depth interviews with 56 women and 19 men from different household types in Brimbank, Dandenong and Whittlesea - all areas with [high levels household financial stress](#) in Melbourne. We also conducted fortnightly surveys over 16 weeks.

Our initial findings point to some of the drivers of financial stress, highlight the interrelated factors that shape this stress and suggest some potential responses.

Shocks and reverberations

Most of our interviewees had experienced some periods of financial stability. Some had been well-off. For most, economic insecurity and financial stress had been triggered by some kind of shock: relationship breakdown, job loss, ill-health, accident or bereavement.

Without secure or supportive employment or adequate income support and assistance, the consequences of these shocks compounded. For example, one of our study participants Sheila suffered a terrible accident which had widespread impacts:

"The trauma led us to becoming homeless. We lost the house. We lost everything that was on finances, basically. When I was coming out of hospital after my first surgery, I was in hospital for about seven, eight days. I had three surgeries. At that time, he stopped work because of the trauma that he suffered at the same time."

Many of the interviewees were caught in cycles of low pay and no pay which provided little buffer against shocks. Like an increasing number of workers in education, one participant's

contract did not cover school holidays.

Single mother Lillian draws on support to make do over the school holidays and Christmas break:

"...we basically have no food and no money and so the school also gives us Christmas hampers as well...I have to put in an application for financial hardship and so for the three years I think I've been getting that...and the neighbourhood house help out if we need food or bread or some clothing, stuff like that."

Making do

The interviewees adopted different strategies to make do including: going without food, selling belongings on sites like Gumtree, pawning jewellery, "riding the bills" - delaying payment, negotiating the late payment of rent, borrowing from family or friends and seeking advance payments from Centrelink. They were reluctant to rely on credit cards, and any of their existing cards were often maxed out.

Interviewees expressed a sense of pride at managing, even if they were just managing. For example, one participant Samantha said:

"I'm not destitute. What I'm proud of is that, all through that, I managed to keep a roof over our heads, keep things going. I just managed. I just juggled - like spinning the plates is such a good term for it."

While the participants in our study were not familiar with the technicalities of finance, they were often excellent money managers. The problem for many of the interviewees is they did not have adequate incomes. As one woman pointed out:

“If you have the right amount of money, you can cope well.”

Physical and emotional impacts of financial stress

Being poor and living with economic insecurity has emotional and physical impacts in the short and longer-term. Some interviewees talked about going without food to make ends meet:

“I have physical illnesses because I didn’t eat for a very long time, I fed my children but yeah...”

They also talked about the health impacts of poor housing:

“We now live in a very old private rental and..it’s very cold and draughty which means that we get sick.”

Interviewees also expressed concern about the impacts on their children of growing up poor. One participant Sharon explained that her kids weren’t able to invite friends over because they didn’t have enough money for food.

Another participant Biyu described her sense of shame at falling on hard times:

“You feel you don’t want to tell anyone. You just feel very embarrassed...You feel very limited in life. I just try to save my costs. Because resources are very limited, people put more limits on your life. Too much limit and you actually block opportunity.”

Complex issues need multi-pronged responses

The preliminary results of our study highlight the realities of financial stress and uncertainty. Recent research on the realities of [financial resilience](#) acknowledge that the causes of

economic insecurity are interrelated and responses need to be multidimensional.

However, policy and programmatic responses tend to focus on individual practices and behaviours. While development of [financial literacy](#) and [money management](#) skills are important, by themselves they are not able to address the challenges facing people living on low and uncertain incomes.

Our initial findings point to the importance of attending to issues such as adequate income, affordable housing and so on first, rather than solely focusing on targeting individual behaviours.

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