

How to cope with the trauma of the COVID-19 crisis

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And so the three-week lockdown is underway. While it feels like surely this must be a bad dream from which we will soon awake, it is our new reality. We're on a merry-go-round that is picking up pace; only extreme measures can slow the momentum. The overload of information, real and fake, about COVID-19, the concern for our own wellbeing and that of our family members, friends and communities, the chaos on the markets – exacerbated by the Moody's downgrade – it's a lot to think about and to rationalise.

While not everyone will get sick, we have all been and will continue to be dramatically affected by the virus. From the inability for many to work and earn, to loneliness as a result of social isolation, the impact on our overall wellbeing is deeply unsettling. The US Center for Anxiety Disorders describes "trauma" as "a psychological, emotional response to an event or an experience that is deeply distressing or disturbing". If what we are going through is akin to a trauma, perhaps we can draw on the various psychological resources available for coping techniques.

Trauma counsellors and psychologists use different protocols and methodologies to counsel and guide their patients. As individuals trying to make sense of what's currently going on, we can take some guidance from them. Below is a collection of tools and strategies that may help you and those close to you to get through this challenging time. They also give you a framework for thinking about your finances.

1. Connect

According to the University of Stanford's Center for Compassion and Altruism Research and Education, people who feel more connected to others have lower levels of anxiety and depression, higher self-esteem and greater empathy for others. As a consequence, others are more open to trusting them. Social connectedness generates a positive feedback loop of social, emotional and physical wellbeing. Meanwhile, other studies have shown that a lack of social connection is detrimental to our health.

As we endure lockdown, filled with anxiety as a result of the trauma we are going through, it is critical to maximise technology to connect with others. Video conferencing can be fun and entertaining – and you can also use various online platforms to have powerful meetings with trusted professionals, including psychologists and doctors.

If you are feeling worried about your investments, talk through your concerns with someone you trust before acting on impulse and making changes. You can also use digital platforms to engage with your independent financial adviser (IFA), if you use one. IFAs are skilled at navigating uncertain market conditions and can be your voice of reason, helping you to make the right decisions for your circumstances.

2. Find and use "Tools for Hope"

Patients suffering from traumatic stress often enter therapy in crisis, feeling overwhelmed. This pretty much sums up how we are all feeling right now. Trauma counsellors note that it is essential to find and use "Tools for Hope" to get you through a crisis. Part of this is learning techniques for self-regulation and anxiety reduction.

Professionals prescribe regular exercise and well-balanced meals. In the absence of being able to go out, it is possible to do online exercise and relaxation classes. If you practise meditation, now is an excellent time to hone that skill. If you are a novice, you can start with some simple breathing exercises once or twice a day to help clear your head and manage your angst.

By taking control of your body you will be able to better control your ability to make rational decisions. This is especially important when it comes to decisions about your family's long-term health and wellbeing, and your finances. It's not easy to act with the head, rather than the heart, when things are chaotic, but slowing down your natural impulse to act, and thinking slower, will help you make less emotionally driven decisions.

3. Stay informed

It is very important to stay informed – but it's also easy to become completely obsessive about checking the news all the time. Try to find a balance so as not to be overwhelmed. It's also crucial to make sure that your sources are legitimate. You can rely on the World Health Organization for global updates and locally you can consult the government's website and the National Institute for Communicable Diseases.

When it comes to the markets and the economy, you will be faced with lots of dire news and heart-stopping headlines. Again, consult your regular, trusted sources and try and form a rational view. Consult your investment manager's website for regular updates on their thoughts and insights into the situation. Your IFA can also assist you to sift through the noise.

4. Try to get used to uncertainty

For many of us, the uncertainty surrounding COVID-19 is the hardest thing to handle. We don't know how exactly we'll be impacted or how bad things might get. And that makes it easy to panic.

As human beings we crave certainty. We are desperate for firm assurance, as revealed by a study conducted by the American Psychological Association. Their results showed that most of us would prefer to definitely get an electric shock now than to maybe be shocked later. We seem to find waiting, or not knowing, much worse than even unpleasant certainty. Psychologists encourage us to engage with uncertainty we are feeling and try and get used to it: They caution that intolerance of uncertainty makes us more vulnerable to anxiety. But to avoid uncertainty becoming overwhelming, they encourage us to focus on things we can control (see point 5).

Interestingly, as investment managers, we try to use unpredictable outcomes to our advantage. Sometimes uncertainty causes share prices to fall and gives us the opportunity to pick up bargains and earn good returns for our clients over the long term. Of course, the current climate of uncertainty is filled with risk, and we approach these opportunities with caution.

5. Focus on the things you can control

This virus has thrown the world as we know it into disarray. Our schools and workplaces are closed, our routines have been wholly disrupted and all semblance of normality has dissolved. In many ways it feels as if we have been caught off-guard in a science fiction movie, where the cameras are rolling and none of us has the script. Rather than bumbling along helplessly, make a list of all the disruptions and problems you are facing personally, along with possible solutions. Then start putting a simple plan in place that focuses on positive things you can do.

When it comes to your finances, review your financial plan. Focus on your key long-term objectives. You won't be able to control what is happening on the markets or in the economy, but you can control your reaction. Again, this is where your adviser will play an important role. Before you make any rash decisions, talk them through. You may be interested to know that you have some flexibility: You can pause contributions or reduce debit orders if you need to.

6. Help others

There is a Chinese saying that goes: “If you want happiness for an hour, take a nap. If you want happiness for a day, go fishing. If you want happiness for a year, inherit a fortune. If you want happiness for a lifetime, help somebody.”

According to scientific research on the neuroscience of kindness, acts of kindness release both endorphins and oxytocin – the “happy chemicals”. Times are going to be tough. There are so many people out there who will need support. Start with those close to you who may need more regular phone calls; or offer to drop off some groceries for your elderly neighbour. Give time and/or money if you can afford to, and remember that even the smallest gesture can make a big difference.

Remember, the situation is temporary

Things may look pretty bleak at the moment. We can't predict when things or markets will turn or if the lockdown will last longer than the stipulated three weeks. But we are all more resilient than we might think. The coping tools discussed above will hopefully help you to transcend the trauma.

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