

Briefing: The effect of income changes on mental health and wellbeing in working-age adults

Published June 2022

WHY DID WE DO THIS STUDY?

We know that working-age people on lower incomes have worse mental health and wellbeing than those on high incomes. However, it's not clear how much that poorer wellbeing might be directly caused by their income, rather than broader factors related to their social circumstances or health. This is important for policy decisions, because we want to know how much increasing someone's income using welfare or tax policies is likely to actually improve their mental health.

WHAT DID WE DO?

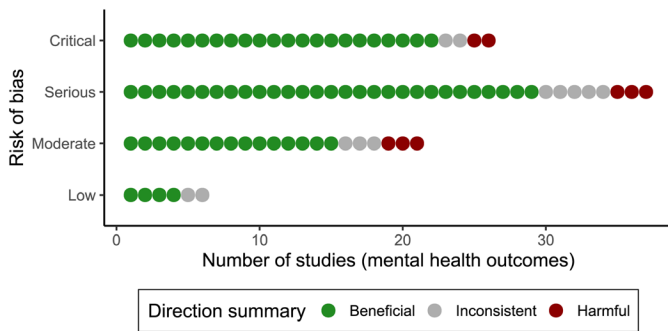
We searched evidence databases for any published research which looked at the effect of income changes on mental health or wellbeing in primarily working-age adults. Studies looking at mental health usually measured the presence of common mental health problems such as anxiety or depression, whereas studies of wellbeing included outcomes such as life satisfaction, happiness, and quality of life. We synthesised the results of these studies to look at the kinds of income changes studied, whether they seemed to be linked with beneficial effects on mental health and/or wellbeing outcomes and how the size of the effect might differ between groups or with different sources of income change. We used tools and methods that are specifically designed to help researchers judge the likelihood that what they are measuring or reporting on reflects a causal relationship.

WHAT DID WE FIND?

We found that only 13% of the 136 studies included in the review were from randomised trials and that most (72%) were from high-income countries. A broad range of income change sources were studied, including cash transfers, natural disasters, taxation or wage policies, and lottery wins.



Almost all studies (89%) reported a beneficial effect of income changes on mental health outcomes, meaning either an income increase was associated with an improvement in mental health, or a decrease was associated with a worsening. For wellbeing outcomes this was higher at 95%. We didn't find any evidence that the chance of reporting a beneficial result was influenced by the study's design or risk of bias or by the source of the income change.

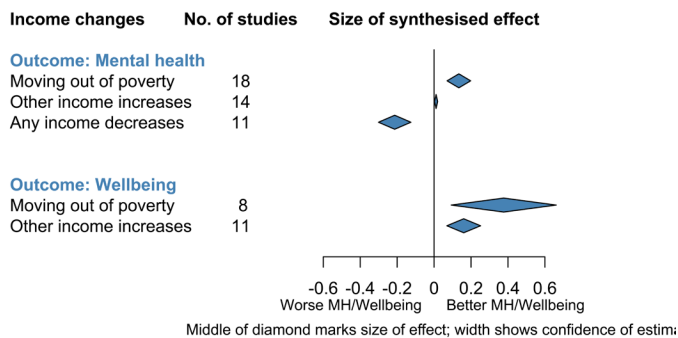


WHAT NEXT?

Our findings add to the evidence base supporting income supplementation as a way to improve mental health and wellbeing and to reduce health inequalities, especially when targeted at those on the lowest incomes. They also suggest a particularly negative effect of income decreases, highlighting the importance of protecting individuals from economic shocks. Future research should focus on reducing the risk of bias in the evidence base, using study designs and analyses that more appropriately account for the potential influence of related events and variables. As our findings are from the period before COVID-19, research on those who experienced income shocks related to the pandemic may also be valuable.



When looking at the size of these beneficial effects, we found the overall effect of income changes on mental health and wellbeing was small. However, these effects were consistently larger where the income change was likely to move someone across a meaningful poverty or subsistence threshold. Overall, the size of the synthesised effect for poverty and mental health was around half the size seen in comparable reviews looking at the effect of antidepressants and about a quarter of the effect size for cognitive behavioural therapy. Income changes also seemed to result in slightly larger impacts for wellbeing than mental health outcomes, and where studies took place in low/middle-income settings. The effect of losing money was potentially bigger than the effect of gaining money.



MORE INFORMATION

- **Link to paper**

[doi.org/10.1016/S2468-2667\(22\)00058-5](https://doi.org/10.1016/S2468-2667(22)00058-5)

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This work was funded by a Research Award for Health Professionals from the Wellcome Trust (218105/Z/19/Z)

When judging how likely the observed relationship was to be causal, we report low certainty in both the effect direction and sizes. This was because many studies had high risk of bias that could influence their findings; because some of the included studies were statistically very different from each other; and because some studies only looked at income changes occurring at the same time as other factors that could influence mental health (such as non-monetary benefits or conditionality).

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The MRC/CSO Social and Public Health Sciences Unit, the University of Glasgow is jointly funded by The Medical Research Council (MRC) and the Scottish Government Chief Scientist Office (CSO).

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