
Learn to apply a practical wisdom approach to managing your money
Adapted for

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# Table of Contents

01 Introduction

07 Chapter One: FEEL IT OUT

11 Chapter Two: FRAME THE PROBLEM

14 Chapter Three: GET HELP

20 Chapter Four: EXAMINE IMPACT

24 Chapter Five: BRING IT TOGETHER

28 References
Practical wisdom is considered a desirable, uniquely human trait worth pursuing for its own sake. It is commonly considered a multidimensional quality that requires thinking, feeling, and acting in ways that bring us closer to the best and most positive solutions to presenting problems.

Using practical wisdom to make financial decisions can be particularly useful. Our thoughts and behaviors around money are not just about the dollars bills; rather, they are tied to our experiences, our fears, and our values. Financial difficulties are one of the leading causes of conflict in our relationships. On top of that, communication about money is extremely difficult, with many people reporting they would rather talk about health, sex, or even death. Advice on how to help us save abounds, despite a consumer culture begging us to buy things at every turn and many institutions ill-equipped to support our financial goals. For all these reasons and more, we often find ourselves struggling to decide what’s best to do with our money.

Applying the strategies of practical wisdom can offer a tailored approach to solving your problems in a way that reflects what is important to you.
Complex challenges require creative and responsive solutions. The goal of this workbook is to provide a step by step guide to helping you think about the financial problem you’re struggling with in a wise way.

You’ll be challenged to reflect on difficult questions, dig deep about what’s important to you, and write down your goals and ideas.

Because practical wisdom is an applied approach to dealing with real problems, it is best to use this workbook when you have a current dilemma you are working through.
INTRODUCTION
GETTING THE MOST FROM THIS WORKBOOK.

Tackling difficult situations can feel overwhelming. This workbook is designed to take you through a process of thinking about the different elements of your problem and your overall goals. Splitting a big challenge into smaller pieces can help make things more manageable, so the exercises are designed to be done in sections. That means you don’t have to worry about figuring everything out all at once. By asking yourself important questions while giving yourself time to think and reflect, the hope is you will be more prepared to tackle your financial challenges confidently. Here are some tips to help you get the most out of the experience.

DO's

- **Be honest.** This workbook is for your eyes only. The more honest you can be with your responses, the better prepared you'll be to respond to financial challenges in ways that are best for you.

- **Check in with yourself.** Working through challenges is a process. Set aside time when you aren't too stressed or rushed to really work with the material in this workbook.

- **Try to have a little fun.** Even though you'll be challenged, the hope is that you'll feel accomplished and proactive along the way.

DON'Ts

- **Rush the process.** A lot of the questions and exercises in this workbook will take time. Don't be afraid to give yourself space away from the workbook to think about your responses, revisit sections, or change your mind.

- **Forget your favorite pen.** Writing down our thoughts can help us feel accountable and promote clarity in our reasoning. Don’t just think about the questions in this workbook, actually take time to write/draw out your thoughts so you can reflect back on them as needed.
This workbook has been adapted for The Money, Relationships & Equality (MORE) initiative at the University of Wisconsin–Madison.

MORE provides research, teaching, and outreach to establish equality for couples in relationships, family life, and financial decision making. The initiative provides resources and content that embraces questions of self-worth, purpose, and meaning throughout life. Such a broader focus on life fulfillment underscores the importance of balancing needs, values, and personal purpose.

Although this workbook focuses on applying practical wisdom to a current financial challenge you are experiencing, it might benefit you to have a thorough understanding of your personal relationship with money beforehand. The MORE website offers several tools, checklists, and workbooks to get you started thinking about finances more generally.

For more information, visit more.sohe.wisc.edu.
Practical wisdom involves thoughtful, intentional action in response to complex dilemmas.

Not all problems call for wisdom. You have surely made financial decisions that were straightforward and didn’t require a lot of thought. You know you have to pay your rent on time. Short on money and have a birthday coming up? Invite friends to hang out at the park without much cost. Often such choices are more obvious to us. Other decisions, however, are more complex. For example, you need a job to pay the bills, but what if the work you are passionate about can’t afford you the lifestyle that you want? Should you buy an older car or lease something new? What if the former requires a loan? Everyone’s financial situation looks a little bit different, and the things that will cause some of us to worry may not be troublesome for others.

Before we take you through the steps of practical wisdom, you must first think about what challenges you are facing right now. Practical wisdom involves active problem solving.
Take a few minutes to think about a financial decision that you’re currently struggling with. See if you can answer some of the questions below to help you recall the details more accurately.

When did this situation first start?

________________________________________________________________________

What were you doing when you first realized this was a problem?

________________________________________________________________________

________________________________________________________________________

What were some of your initial feelings when you realized you were struggling with this problem?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Now, describe the situation you’ve been thinking about in as much detail as possible, jotting down any thoughts that come up about it.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Research suggests that there is a strong connection between our mind and bodies. Your heart racing, your hands shaking, a disrupted sleep schedule, cravings for sweets. All normal experiences that can often be a reflection of what is going on deeper inside.

In turn, these emotions can influence the ways in which we approach situations that we face. While some emotions may cloud our judgment, clarity of such feelings may actually promote self-care and lead to rational and personally relevant solutions to presenting situations.
Have you ever responded to a frustrating email right away, only to find that your heightened response makes the situation worse? You’re not alone. Our minds and bodies have evolved to act quickly as a way to protect us from predators and harm. While this served our ancient ancestors well, most of the experiences we encounter now are not threatening in the same extreme way. As a result, rash reactions are not always in our best interest.

Feelings are an important indicator for us to know how our minds and bodies are reacting to an external circumstance. Giving yourself space to identify and manage your feelings can position you to respond to situations with clarity and thoughtfulness.

In this section, you’ll be asked to:

- Identify the feelings you have associated with your financial problem

- Consider the physical impacts of these feelings

- Think about how to manage these feelings
One of the first things you can do to prepare yourself for handling the financial challenge in your life is acknowledge how you are feeling about it.

Ask yourself, how do I feel when I think about the financial problem in my life?

Then, shade in the emojis below that represent the feelings that come up. Identify the feelings by writing a term for all the ones you shaded in on the lines underneath them. Don’t see ones that resonate with you? Draw your own in the blank circles.
**Emotion Management**

Our feelings can have important impacts on our bodies. Often times, our internal state is expressed in physical ways, like sweaty palms or a racing heart. Knowing how our feelings manifest physically can allow us to be better prepared to take care of ourselves when we begin to feel stressed or upset.

For 1-2 minutes, think about the financial challenge you are struggling with and the emotions you identified on the previous page. Close your eyes and pay attention to what happens in your body when you think about these feelings.

Below, circle and write out the physical manifestations of these feelings wherever and however you experience them.

Now, brainstorm some things you can do to help you manage these heightened feelings when you next start to notice them. Think of things that help you relax, expend energy, or simply that you enjoy. Here are some ideas to get you started....

**Got a favorite scent that calms you?**

**What's an inspirational book or quote you enjoy?**

**Now it's your turn. What else can you do to help you relax next time you start to physically feel overwhelmed?**
Wise solutions often require balance and consideration of multiple factors and information.

By considering the different ways that you might think about a problem, you can decide which frame is the most important to you. In turn, this outlook can shape the goals you prioritize and the steps you take to getting there.

By letting go of the pieces of a problem that aren’t relevant or those that are outside of your immediate control, you free yourself up to work towards attainable solutions.
Think about the last time you had a conflict with a co-worker. Was the problem one of efficiency, that prevented work from being accomplished? Or was it relational, leaving you worried about preserving a friendship with the co-worker? Maybe you felt the conflict was an opportunity for you to learn something new about your teammates?

The frame you choose to view a dilemma through can shape the solutions you seek. By laying out the different frames to your current problem, you can begin to think about which frame is most important to you, and which one aligns most closely with your values and ultimate goals.

In this section, you'll be asked to:

- Identify multiple frames through which to view your current dilemma
- Think about how these different frames may impact your solutions, and which you find most desirable
All problems can be viewed through different frames. Is your financial challenge a threat to your security, an inconsistency with your values, or a hesitance to commit? Something else? The way we respond to a dilemma should reflect the core of what we consider the problem. In each frame below, draw possible ways in which you can view your problem. Give each frame a title.

Thought exercise
How can you use these different frames to inform the way you address the problem? Is there one frame in particular that seems most important? Most manageable? Most aligned with your ultimate goals?
Ever heard the phrase, I know one thing and that is that I know nothing? Well, Socrates was on to something. Studies find that people are often too optimistic about their financial futures. We think we will be better off tomorrow, and so we bank on that when we make decisions today.

Luckily, one mark of a truly wise person is the ability to learn from experience. Sometimes, this can mean learning from the mistakes that we have made in the past. But it can also mean using the collective wisdom and knowledge that is out there to inform our decisions today. The trick is knowing where to look.
Ever ask your friends for their opinion on a new partner? When you were choosing a college, did you go and check out the campus first? Last time you job searched, did you talk to people in your field to find out how they got there? There’s a reason we seek the support and advice of others: making decisions is difficult, and often times the experiences and perspectives of others can provide us with important information to make wise choices.

However, an endless amount of outside opinions or irrelevant experiences likely won’t help us with our own problems. So knowing what information we are looking for can help us decide where to go for the specific support we need.

In this section, you’ll be asked to:

☐ Outline your strengths and identify points for growth

☐ Brainstorm people or institutions who may have experiences relevant to your situation

☐ Identify where you can seek support, and then try it
Our personal history with money can shape the ways we approach financial decisions today. Think back to an important financial experience that you have had, something that sticks out as important and defining. Perhaps the first time you really felt the power of money, a financial decision you wish you would have made differently, or a lesson you were taught about money as a child.

Describe the situation:


What did this situation teach you?


How do these lessons shape your current beliefs about money?
This past experience, along with others you have had, have prepared you to make financial decisions in your life. Below, make a list of all the skills and knowledge you possess that can help you with the financial challenge you are currently experiencing.

**Your Skills:** What are you good at that can help you with your current problem?

**Your Knowledge:** What topics do you know about that can help you with your current problem?
Now that you have a sense of all the tools in your toolbox, it’s time to fill in the gaps. **Make a list of the top 3 questions** you have that you feel might help you make decisions related to your financial challenge. These can be logistical questions (e.g., how much do I need to save per month?) to more general beliefs (e.g., is home ownership worth the investment?). Then, think about where you might be able to find **answers**. Do you have a friend you can ask, or a business that specializes in the information you’re looking for?

### Questions

### Where to Get Answers
Pick one of the questions from the previous page and seek out the person or place you thought might be able to help you. Think about what you want to ask them specifically related to your problem, and go talk to them! Write down what you learn from those conversations below.
Similar to how we can view our problems through multiple frames, we can also view solutions through the many ways they could impact different areas of our life.

Thinking about the different areas of our life that may be impacted by our decisions can help us prioritize the goals that are most important to us. It can also allow us to consider what decisions may more broadly impact our lives in a positive way.
We are constantly interacting with the environments around us, both impacting, and being impacted by, various contexts. Thinking about these different interactions contributes to our ability to apply systems thinking, a common component to practical wisdom. Systems thinking involves balancing different kinds of information, weighing options, and considering our impact on others.

This type of thinking is what makes wise decisions more comprehensive and creative than straightforward or simple solutions that may overlook important details.

In this section, you'll be asked to:

☐ Read about some of the different areas of your life that may be impacted by your financial decisions

☐ Think about and brainstorm what these impacts may look like for you
Systems thinking: We impact our environment and our environment impacts us.

**Individual**
You. How will your financial decisions impact your life? Will they allow you to buy the things you want, feel secure, require putting dreams on hold?

**Interpersonal**
This refers to you and the people you interact with regularly. Perhaps family, friends, or co-workers. Do your decisions impact them when it comes to money?

**Institutional**
Here you have to think about the institutions or systems with which you interact. Do you have legal requirements such as paying child support? Do you have loans to pay off? A workplace that determines your income?

**Community**
How does your access to resources and money impact your ability to impact your community in the way that you would like? Do you have spare change to donate, or time to help others?
Now, think about how the way you respond to your current financial challenge might impact these different areas of your life:

*Individual*
*Interpersonal*
*Institutional*
*Community*

Write out your reflections in the corresponding circles.
You’ve done a lot of work so far. You’ve reflected on the emotions, skills, and knowledge that you bring with you to financial decision-making. You have thought about your current dilemma from multiple frames and considered the many contexts that may be impacted by your response.

Now that you’ve done the work, it’s time to look ahead to what is most important to you as you navigate some important decisions.

In this section, you’ll be asked to:

☐ Think about your optimal outcome
☐ Consider how you might advise a friend
☐ Write down your plan
Consider how you wish to frame your current financial decision, how it may impact your life and those close to you, and envision how you hope this challenge to be resolved.

How would you describe your optimal outcome?

How would this outcome impact you in...

6 Months?

1 Year?

3 Years?
Now, imagine that you have a friend who is in the same dilemma as you. How might you advise them to respond to it? Why?
Taking together the many things you've considered during this workbook, make a list of actions you plan to take in response to the challenge you have been working through. Come back regularly to check off any steps you've taken, or add new steps.

- **Action:**
  
  
  
  
  
  
  
  **Outcome:**

- **Action:**
  
  
  
  
  
  
  **Outcome:**

- **Action:**
  
  
  
  
  
  
  **Outcome:**
REFERENCES


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Dr. Dayana Kupisk is a recent graduate of the Human Development and Family Studies department at UW-Madison. She previously held the position of Project Coordinator and Teaching Fellow with the MORE Initiative. Her research is on practical wisdom in the workplace, which explores how employees tackle challenging, unpredictable dilemmas in ethical and prosocial ways. Dayana has over 5 years of experience developing and facilitating life skills and wellness programming for youth and families in the community, including Financial literacy and employment preparation.

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