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# Holistic Financial Well-Being: Overview

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FINANCIAL SUCCESS BEGINS with simple mathematics. Adages like “spend less than you earn,” “stay out of debt,” and “take advantage of compound interest” are wise counsel because the only way to financial success is by making all the numbers add up in the right way. However, in practice, the seemingly simple formulas of financial success become subject to a vast array of human behavioral and health issues that can derail even the soundest of mathematical financial plans.

Humans are complex social creatures, each with our own set of genetically inherited and learned behavioral patterns that impact our states of health, well-being, and happiness. Trying to squeeze a living, vibrant, complex human being into a financial plan based solely on rigid mathematical formulas will inevitably fall short. The purpose of this publication series is to go beyond the formulas and instead explore personal finance as a behavioral and well-being issue situated within the interdependent dimensions of “holistic well-being.”

Holism is an interdisciplinary approach that recognizes that the parts of a whole are intimately connected and cannot be fully understood without reference to the other parts that make up the whole. Figure 1 provides a model of holistic well-being, in which eight key dimensions of well-being have an inseparable symbiotic relationship with each other (Montoya and Summers 2021). Put simply, the premise of this model is that well-being habits in one dimension influence well-being habits in the other dimensions (Griesdorn and Erickson 2023). This series focuses specifically on financial well-being as it relates to other dimensions of the holistic well-being model. It also suggests that financial well-being cannot be achieved without corresponding well-being in the other dimensions.



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# 8 Dimensions of Wellness



**Figure 1.** A model of holistic well-being.

The following provides a brief description of each of the eight dimensions of well-being in this model:

- Financial well-being—Behaviors that contribute to a feeling of satisfaction with one's current and future financial situations.
- Emotional well-being—Habits that contribute to acceptance and effective management of one's internal feelings during life successes and challenges.
- Environmental well-being—Regular actions that contribute to occupation of places of cleanliness, safety, creativity, and connection with nature.
- Intellectual well-being—Thoughts and actions that contribute to self-awareness, creativity, reception of new ideas, critical thinking, and skill development.
- Physical well-being—Engaging in behaviors like exercise, nutrition, and sleep that contribute to a strong, resilient body.
- Occupational well-being—Regular habits that contribute to work that is personally meaningful, financially rewarding, and that fosters positive professional relationships.
- Spiritual well-being—Aligning with an existential meaning greater than oneself and harmony between one's inner self and the outside world.
- Social well-being—Regular engagement in supportive relationships, conflict management, and respectful interactions.

The process of maintaining well-being in any one of the aforementioned dimensions only come through consistent healthy habits. For example, physical well-being only comes through regular, consistent behaviors of healthy eating, exercise, and sleep. It is not enough to find a gym. One must regularly show up at that gym over a consistent period of time to make a difference. Similarly, financial well-being is not achieved through one-and-done box checking. Rather it comes through consistent actions of goal setting, earning, saving, budgeting, risk management, credit/debt management, investing, and other related actions over a long period of time. Well-being—establishing and maintaining regular healthy habits—is the ultimate measure of long-term success with finances (Nanda and Banerjee 2021).

However, even with good financial habits, poor well-being in other areas still hurts a person's overall financial outcome. For example, a practice of binge shopping as an emotional coping mechanism can have a significant negative impact on one's financial well-being (emotional). Examples of other dimensions causing negative impacts on financial well-being include medical bills that result from an unhealthy lifestyle (physical); social comparison spending (i.e., keeping up with the Joneses, social); and late bills due to disorganized paperwork (environmental). Likewise, positive habits in one dimension can positively influence well-being in

finances. For example, reading an article that helps improve one's investing skills (intellectual); switching to a job one finds more motivating and that leads to promotions and bonuses (occupational); and a practice of gratitude and contentment for what one currently has, leading to less spending on material possessions (spiritual).

Balance is the key to any holistic model since a deficiency in any one dimension has the potential to negatively impact the other dimensions. This publication series is a focus on financial well-being. It explores ways that financial well-being influences and is influenced by the other dimensions in the model. A balance of holistic well-being is the goal since it provides a much stronger foundation for success with personal finances as well as other areas of life.

## Further Reading

Griesdorn, T. S., and L. Erickson. 2023. "Financial Behavior and Financial Well-Being." In *A Research Agenda for Consumer Financial Behavior*, ed. Jing J. Xiao and Satish Kumar. Edward Elgar.

Montoya, A. L., and L. L. Summers. 2021. "Eight Dimensions of Wellness for Educators." *The Learning Professional* 42(1): 49C62.

Nanda, A. P., and R. Banerjee. 2021. "Consumer's Subjective Financial Well-Being: A Systematic Review and Research Agenda." *International Journal of Consumer Studies* 45(4): 750–76. <https://doi.org/10.1111/ijcs.12668>.

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