



News Release

Contact:

Hibah Yousuf
Charles Schwab
415-667-0507
hibah.yousuf@schwab.com

BAY AREA RESIDENTS SWEET ON LOCAL ECONOMY AND TECH GROWTH, BUT SOUR ON HIGH COST OF LIVING

New Charles Schwab survey examines local investor sentiment on economy and personal finances

SAN FRANCISCO, March 29, 2016 — San Francisco Bay Area residents believe that to be considered wealthy here takes more than double the net worth it does in the rest of the United States, according to a new survey by San Francisco-based [Charles Schwab](#), one of the largest full-service investment firms in the country with two dozen branches in the Bay Area.

The survey of 1,000 Bay Area residents found that local residents think it takes about \$2.5 million in most areas of the United States to be considered wealthy, while a net worth of more than \$6 million is what it takes to be wealthy in the Bay Area. A net worth more than \$1 million is required to be financially comfortable in the Bay Area, according to survey respondents.

Additional survey findings indicate that many Bay Area residents find the region's cost of living too high:

- Nearly all say the cost of living is unreasonable (86 percent)
- A third (32 percent) give the Bay Area an "F" as a place that recent graduates can afford and more than twice as many (69 percent) say it's not a good place for retirees
- More than half (55 percent) say living in the Bay Area makes it difficult to reach their financial goals

In addition to rating the Bay Area as one of the worst in the country for cost of living (82 percent), many local residents also think the Bay Area is also one of worst when it comes to tax rates (54 percent) and the housing market (68 percent).

"It's no surprise residents think it's expensive to live here. To live in the Bay Area and stay on a path toward financial independence, it's crucial for people to start saving and investing early and to have a long-term plan," said Richard Zak, Charles Schwab regional branch executive based in San Mateo.

Bay Area residents pleased with job market, tech and overall local economy

Despite concerns about the cost of living, Bay Area residents are significantly more upbeat on the region's job market. In fact, when asked to grade the Bay Area on a range of characteristics, residents gave the area high marks (an "A" or a "B" grade) for the following:

- A place for career growth (80 percent)
- A place for young professionals (78 percent)
- A place for entrepreneurs (75 percent)
- A place for innovation (88 percent)

In contrast to other studies, Schwab found that residents are pleased with the emergence and proliferation of tech companies across the Bay Area, with 86 percent believing the resulting growth has been beneficial

overall. In particular, residents say the trend brings more jobs to the area (51 percent) and tends to boost the local economy (25 percent). According to the survey, the local tech boom isn't without its issues, however, with respondents pointing to higher real estate prices (50 percent) and increased traffic (23 percent) as less desirable outcomes.

Overall, 70 percent of respondents believe the local economy is performing better than the national economy, with eight out of 10 (79 percent) residents also stating that the area is continuing to get more prosperous.

Residents have rosy outlook on wealth, despite Bay Area's high cost of living

Though cost of living is stress factor for Bay Area residents, a majority (80 percent) are building wealth and confident they will reach their financial goals (71 percent). Surprising for an area known for its technology acumen, 55 percent of residents consider themselves more financially savvy than tech savvy. The majority (68 percent) have a financial plan, though only 19 percent have it in writing.

The survey shows that Bay Area residents who have a written financial plan are almost twice as confident in their ability to reach their goals (90 percent) than those who do not have a financial plan at all (47 percent).

Residents don't view equity compensation as a source of long-term wealth, would cash out

Despite overall financial confidence among respondents, the survey also indicates there is room for improvement among those who receive equity compensation. According to the survey, a third of Bay Area residents receive equity as part of their overall work compensation, but fewer than half of them believe it will make them wealthy (39 percent).

"Equity compensation can play a significant role in your wealth accumulation, but not enough people think about it this way, and that may be a missed opportunity," said Zak.

According to the survey, 65 percent of those who receive equity compensation do not use a financial professional to help them manage it. Among them, 56 percent say they lack confidence in managing their equity compensation on their own.

Seven in 10 (69 percent) say they would cash out either some or all of their equity compensation when it becomes liquid.

"When it comes to equity compensation, there's clearly a need for more education," said Zak. "Whether going it alone or with a financial professional, employees who receive equity compensation need to make informed decisions based on their financial situation and goals to help achieve the long-term outcomes that are right for them."

About the survey

The online survey was conducted by Koski Research from January 21 to February 5, 2016 among 1,001 Bay Area residents aged 21 to 75. The geographical area of the sample included counties in the Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, and Solano areas. Quotas were set so that the sample is as demographically representative of the San Francisco Bay Area as possible. The margin of error for the total survey sample is three percentage points. This is one of a series of local market surveys conducted across the United States.

About Charles Schwab

At Charles Schwab, we believe in the power of investing to help individuals create a better tomorrow. We have a history of challenging the status quo in our industry, innovating in ways that benefit investors and the advisors and employers who serve them, and championing our clients' goals with passion and integrity. More information is available at www.aboutschwab.com. Follow us on [Twitter](#), [Facebook](#), [YouTube](#) and [LinkedIn](#).

Disclosures

Through its operating subsidiaries, The Charles Schwab Corporation (NYSE: SCHW) provides a full range of securities brokerage, banking, money management and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member [SIPC](#), www.sipc.org), and affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; compliance and trade monitoring solutions; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through Schwab Advisor Services. Its banking subsidiary, Charles Schwab Bank (member FDIC and an Equal Housing Lender), provides banking and lending services and products. Koski Research is not affiliated with the Charles Schwab Corporation or its affiliates. More information is available at www.schwab.com and www.aboutschwab.com.

Investment Products: Not FDIC Insured • No Bank Guarantee • May Lose Value.

(0316-1289)

###