

ABOUT SCHWAB'S MODERN WEALTH SURVEY

Schwab's Modern Wealth Survey is an annual examination of how Americans think about saving, spending, investing and wealth. The online survey was conducted by Logica Research from February 3 to February 19, 2021.

AMERICANS READY TO RESET THE 20s

As vaccination rates rise and restrictions ease, Houston residents feel optimistic about the United States overall. Houstonians are the most confident about:

- U.S. technological innovation (74%)
- U.S. stock market (58%)
- U.S. healthcare system (57%)
- U.S. as a global economic power (54%)
- U.S. job market (54%)
- U.S. economy (53%)

As the city begins to reopen, 41% of Houston residents look to get back to living the way they did before the COVID-19 pandemic, and 25% plan to splurge to make up for lost time.

Houstonians dream most about traveling (45%) and socializing (28%), with many planning to splurge on:

- Jetting off on a vacation (28%)
- Dining out at a fancy restaurant (18%)
- Hosting a party (14%)

SPENDING VERSUS SAVING

Nearly two-thirds (60%) of Houston residents surveyed say they were savers in 2020, as opposed to spenders. Hoping to double down on new savings habits in post-COVID life, 82% of Houstonians plan to be bigger savers than spenders in the year ahead.

Specifically, Houston residents plan to do the following after the pandemic has subsided:

- Save more in general (50%)
- Reduce total debt (38%)
- Build an emergency fund (34%)
- Invest more in the stock market (22%)

When it comes to their portfolios, Houstonian investors take a measured approach:

- Consider emotional and financial risk tolerance when investing (69%)
- Invest to increase savings in case of an emergency (59%)

RECALIBRATING PRIORITIES

The financial stress imposed on all Americans, including Houston residents, is clear. According to Schwab's survey, more than half of Houstonians (62%) were financially impacted over the past year:

- The economic environment strained their finances (39%)
- They faced a salary cut or reduced hours (34%)
- They were laid off or furloughed (28%)

Nearly three-fourths (73%) of Houston residents have reprioritized what matters most to them due to COVID-19. What's more important now?

- Mental health (66%)
- Relationships (58%)
- Financial health (59%)
- Physical health (44%)

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HOUSTON AREA

WHAT IT TAKES TO BE WEALTHY AND FINANCIALLY HAPPY IN HOUSTON

While refocusing their priorities, Houstonians have also revised their perspectives on what it takes to be financially happy and financially comfortable.

| | 2020 | 2021 |
|--|---------------|---------------|
| Average net worth it takes to be “wealthy” | \$2 million | \$2.2 million |
| Average net worth needed for “financial happiness” | \$1.4 million | \$1.1 million |
| Average net worth it takes to be “financially comfortable” | \$608,000 | \$713,000 |

PLANNING FOR THE FUTURE

As Houston residents look beyond the pandemic and think about their futures, Schwab’s survey shows that 52% of Houstonians who have a written financial plan feel “very confident” about reaching their financial goals, while only 22% of those without a plan feel the same level of certainty.

Those with a plan also maintain healthier money habits when it comes to saving and investing:

| | Planners | Non-Planners |
|--|----------|--------------|
| Feel financially stable | 60% | 39% |
| Have an emergency fund | 65% | 30% |
| Consider risk tolerance when investing | 77% | 62% |
| Aware of fees and investment costs | 76% | 53% |
| Regularly rebalance portfolio | 92% | 62% |

Despite the benefits of planning, Schwab’s survey shows only a third (34%) of Houstonians have a financial plan in writing. Among those without a written plan:

- 38% don’t think they have enough money to merit a formal plan
- 26% say it’s too complicated
- 20% say they don’t have enough time to develop one

About the Survey

The online survey was conducted by Logica Research from February 3 to February 19, 2021, among a sample of 500 Houston residents aged 21 to 75. The geographical area of the sample is defined by the Houston–The Woodlands–Sugar Land Metropolitan Statistical Area. Quotas were set to balance the sample on key demographic variables. Supporting documentation for any claims or statistical information is available upon request.

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