

Charles Schwab 2023 Modern Wealth Survey
BOSTON AREA FINDINGS SUMMARY

32% OF BOSTONIANS FEEL WEALTHY TODAY ACCORDING TO CHARLES SCHWAB'S MODERN WEALTH SURVEY

Bostonians feel optimistic about their personal finances while acknowledging that their location might not help their ability to reach their goals.

These findings are according to Charles Schwab's seventh annual Modern Wealth Survey, an examination of how Americans think about saving, spending, investing, and wealth:

- 21% of residents say living in Boston “helps” them achieve their financial goals and build their wealth. 43% say living in Boston “hurts” their ability to reach their financial goals as the overall “cost of living is too high.”
- About a third (32%) of Bostonians feel wealthy today, and 15% of those who do not currently feel wealthy believe they are on track to be wealthy in their lifetime.
- 69% of Bostonians are confident about reaching their financial goals.

HOW BOSTONIANS FEEL ABOUT THE CURRENT LOCAL ECONOMIC ENVIRONMENT

According to Schwab's survey, 38% of Bostonians say the local economy is better compared to the overall U.S. economy, while 47% say it's about the same and 15% think it's worse.

When asked about a range of local economic and cultural factors and how they compare in Boston to other cities in the U.S., Bostonians said the Boston area is:

	One of the best	One of the worst	Neither
Overall economy	37%	20%	43%
Quality of life	55%	8%	37%
Cost of living	13%	56%	31%
Housing market	20%	47%	33%
Employment rate	40%	13%	47%
Career opportunities	47%	13%	40%
Tax rates	12%	49%	39%
Tech industry	50%	10%	40%
Food and dining	50%	14%	36%
Arts and culture	49%	12%	39%

LOCAL IMPACT OF INFLATION

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From food to flights, Bostonians are feeling the effects of inflation. Nine in 10 (91%) say inflation has affected their finances, which is slightly greater than Americans overall (86%). In addition:

- Inflation is hitting Bostonians most on things like food and groceries (65% are spending more than the beginning of 2022), utilities (63% spending more), and transportation (37% spending more).
- Most Bostonians say they've significantly reduced spending on non-essential items (42%) and traveling (37%).
- More than half (64%) have had to reduce the amount of money they're able to save on a regular basis.

HOW BOSTONIANS DEFINE WEALTH

Compared to 2022, Bostonians redefined how much money it takes to be considered “wealthy,” while the amount it takes to be “financially comfortable” stayed the same:

	2021	2022	2023
Average net worth it takes to be “wealthy”	\$2.8M	\$2.7M	\$2.9M
Average net worth it takes to be “financially comfortable”	\$1.1M	\$892K	\$932K

But there is a paradox between how Bostonians define wealth and whether they feel wealthy. The 32% of Bostonians who feel wealthy today have an average net worth of \$558,000. However, the amount to be considered “wealthy” in Bostonians is an average net worth of \$2.9 million. It’s clear that non-financial assets like health and family resonate far more when defining wealth than having large sums of money, as a significant portion (53%) also reported living paycheck to paycheck.

When asked to choose which statement best describes how Bostonians think of wealth in their own daily lives, the definition of wealth is less about achieving a certain dollar amount. More Bostonians say wealth means:

Enjoying experiences	72%	28%	Owning many nice things
Not having to stress over money	77%	23%	Having more money than most people they know
Having a healthy work life balance	73%	27%	Maximizing my earnings even if it impacts my work life balance
Being generous with loved ones now	67%	33%	Leaving an inheritance
Enjoying healthy relationships with loved ones	57%	43%	Having a lot of money
Being in good health	63%	37%	Being successful
Having the flexibility of working where & how I want	59%	41%	Having a higher salary

Additionally, when Bostonians are asked to explain what defines being wealthy, ‘no debt’ (38%) tops the list, followed by ‘affording the lifestyle they want’ tops the list (37%), ‘having a high income’ (29%), and ‘owning a nice house’ (18%).

THE IMPACT OF FINANCIAL PLANNING FOR BOSTONIANS:

According to Schwab’s survey, roughly one-third (28%) of Bostonians have a documented financial plan, and those with a plan feel more prepared and confident in navigating today’s complex economic and market environments. Among Bostonians with a documented financial plan:

- Seven in 10 said having a plan makes them feel more in control of their finances (69%).

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- Four in five use some source for financial advice (81%).
- Of those with a financial plan, most developed it with a financial advisor (43%). Other sources are from a spouse (31%) or an online financial resource (23%).

According to Rich Rivera, Vice President, Branch Manager at Charles Schwab's Boston branch, "Taking the time to create a documented financial plan doesn't take large sums of money. Starting with small steps and a positive mindset can make the planning process less daunting and allow investors to look at their financial situation more holistically while setting them on the path for long-term success."

Rivera adds, "A financial plan is like a roadmap and instills confidence for investors in getting to their final destination. Bostonians with a documented financial plan are more confident in reaching their financial goals than those without (94% vs. 59%)."

ABOUT SCHWAB'S MODERN WEALTH SURVEY

Schwab's seventh annual Modern Wealth Survey examines how Americans think about saving, spending, investing, and wealth. The online survey was conducted by Logica Research from March 1, 2023, to March 23, 2023, among a sample of 500 Boston residents aged 21 to 75. Quota were set to balance the local sample on key demographics.

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