

Charles Schwab 2023 Modern Wealth Survey
CHICAGO AREA FINDINGS SUMMARY



38% OF CHICAGOANS FEEL WEALTHY TODAY ACCORDING TO CHARLES SCHWAB'S MODERN WEALTH SURVEY

Chicagoans feel optimistic about their personal finances but are divided on whether their location helps 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:

- 28% of residents say living in Chicago “helps” them achieve their financial goals and build their wealth. 33% say living in Chicago “hurts” their ability to reach their financial goals as the overall “cost of living is too high.”
- More than a third (38%) of Chicagoans feel wealthy today, and 14% of those who do not currently feel wealthy today believe they are on track to be wealthy in their lifetime.
- 73% of Chicagoans are confident about reaching their financial goals.

HOW CHICAGOANS FEEL ABOUT THE CURRENT LOCAL ECONOMIC ENVIRONMENT

According to Schwab's survey, 26% of Chicagoans say the local economy is better compared to the overall U.S. economy, while 54% say it's about the same and 20% think it's worse.

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

| | One of the best | One of the worst | Neither |
|----------------------|------------------------|-------------------------|----------------|
| Overall economy | 31% | 27% | 42% |
| Quality of life | 53% | 9% | 38% |
| Cost of living | 23% | 43% | 34% |
| Housing market | 29% | 29% | 42% |
| Employment rate | 35% | 22% | 43% |
| Career opportunities | 42% | 18% | 40% |
| Tax rates | 14% | 60% | 26% |
| Tech industry | 35% | 16% | 49% |
| Food and dining | 58% | 14% | 28% |
| Arts and culture | 49% | 17% | 34% |

LOCAL IMPACT OF INFLATION

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From food to flights, Chicagoans are feeling the effects of inflation. Nearly nine in 10 (89%) say inflation has affected their finances, which is slightly greater than Americans overall (86%). In addition:

- Inflation is hitting Chicagoans most on things like food and groceries (62% are spending more than the beginning of 2022), utilities (53% spending more), and transportation (36% spending more).
- Many Chicagoans say they've significantly reduced spending on non-essential items (40%) and eating out (38%).
- More than half (61%) have had to reduce the amount of money they're able to save on a regular basis.

HOW CHICAGOANS DEFINE WEALTH

Compared to 2022, Chicagoans 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” | \$2.4M | \$2.5M | \$2.3M |
| Average net worth it takes to be “financially comfortable” | \$790K | \$956K | \$817K |

But there is a paradox, driven by the contrast between how people define wealth for themselves versus how they define it for others. The 39% of Chicagoans who feel wealthy today have an average net worth of \$433,000. However, the amount to be considered “wealthy” in Chicago is an average net worth of \$2.3 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 (50%) also reported living paycheck to paycheck.

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

| | | | |
|--|-----|-----|--|
| Enjoying experiences | 72% | 28% | Owning many nice things |
| Not having to stress over money | 76% | 24% | Having more money than most people they know |
| Having a healthy work life balance | 72% | 28% | Maximizing my earnings even if it impacts my work life balance |
| Being generous with loves ones now | 67% | 33% | Leaving an inheritance |
| Enjoying healthy relationships with loved ones | 60% | 40% | Having a lot of money |
| Being in good health | 66% | 34% | Being successful |
| Having the flexibility of working where & how I want | 60% | 40% | Having a higher salary |

Additionally, when Chicagoans are asked to explain what defines being wealthy, ‘affording the lifestyle they want’ tops the list (38%), followed by ‘no debt’ (37%) ‘having a high income’ (27%), and ‘having a lot of money in investments’ (19%).

THE IMPACT OF FINANCIAL PLANNING FOR CHICAGOANS:

According to Schwab’s survey, only one-third (36%) of Chicagoans 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 Chicagoans with a documented financial plan:

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- Seven in 10 said having a plan makes them feel more in control of their finances (69%).
- Four in five use some source for financial advice (84%).
- Of those with a financial plan, most developed it with a financial advisor (47%). Other sources are from a spouse (38%) or an online financial resource (31%).

According to Cherie Ramirez, Vice President, Branch Manager, at Charles Schwab's Lincoln Park 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."

Ramirez adds, "A financial plan is like a roadmap and instills confidence for investors in getting to their final destination. Chicagoans with a documented financial plan are more confident in reaching their financial goals than those without (93% vs. 61%)."

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 750 Chicago residents aged 21 to 75. Quota were set to balance the local sample on key demographics.

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