

Charles Schwab 2023 Modern Wealth Survey
WASHINGTON D.C. METRO AREA FINDINGS SUMMARY

37% OF WASHINGTONIANS FEEL WEALTHY TODAY ACCORDING TO CHARLES SCHWAB'S MODERN WEALTH SURVEY

Washingtonians 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:

- 25% of residents say living in Washington D.C. "helps" them achieve their financial goals and build their wealth. 38% say living in Washington D.C. "hurts" their ability to reach their financial goals as the overall "cost of living is too high."
- More than a third (37%) of Washingtonians feel wealthy today, and 18% of those who do not currently feel wealthy today believe they are on track to be wealthy in their lifetime.
- 72% of Washingtonians are confident about reaching their financial goals.

HOW WASHINGTONIANS FEEL ABOUT THE CURRENT LOCAL ECONOMIC ENVIRONMENT

According to Schwab's survey, 41% of Washingtonians say the local economy is better compared to the overall U.S. economy, while 44% 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 Washington D.C. to other cities in the U.S., Washingtonians said the D.C. area is:

	One of the best	One of the worst	Neither
Overall economy	40%	25%	35%
Quality of life	57%	10%	33%
Cost of living	19%	52%	29%
Housing market	29%	36%	35%
Employment rate	46%	20%	34%
Career opportunities	53%	18%	29%
Tax rates	17%	41%	42%
Tech industry	44%	16%	40%
Food and dining	54%	17%	29%
Arts and culture	54%	15%	31%

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LOCAL IMPACT OF INFLATION

From food to flights, Washingtonians are feeling the effects of inflation. Nine in 10 (90%) say inflation has affected their finances, which is slightly greater than Americans overall (86%). In addition:

- Inflation is hitting Washingtonians most on things like food and groceries (63% are spending more than the beginning of 2022), utilities (49% spending more), and transportation (35% spending more).
- Many Washingtonians say they've significantly reduced spending on non-essential items (42%) and traveling (38%).
- More than half (62%) have had to reduce the amount of money they're able to save on a regular basis.

HOW WASHINGTONIANS DEFINE WEALTH

Compared to 2022, Washingtonians 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”	\$2.9M	\$3.3M	\$3.0M
Average net worth it takes to be “financially comfortable”	\$980K	\$1.1M	\$1.0M

But there is a paradox, driven by the contrast between how people define wealth for themselves versus how they define it for others. The 37% of Washingtonians who feel wealthy today have an average net worth of \$540,000. However, the amount to be considered “wealthy” in D.C. is an average net worth of \$3.0 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 number of people (48%) also reported living paycheck to paycheck.

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

Enjoying experiences	68%	32%	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	72%	28%	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	56%	44%	Having a lot of money
Being in good health	61%	39%	Being successful
Having the flexibility of working where & how I want	57%	43%	Having a higher salary

Additionally, when Washingtonians are asked to explain what defines being wealthy, ‘affording the lifestyle they want’ tops the list (40%), followed by ‘no debt’ (34%) ‘having a high income’ (26%), and ‘having a lot of money in investments’ (20%).

THE IMPACT OF FINANCIAL PLANNING FOR WASHINGTONIANS:

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According to Schwab's survey, roughly one-third (32%) of Washingtonians 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 Washingtonians with a documented financial plan:

- 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 (83%).
- Of those with a financial plan, most developed it with a financial advisor (42%). Other sources are from a spouse (41%) or an online financial resource (23%).

According to Dan Stein, Vice President, Branch Manager, at Charles Schwab's Tysons Corner 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."

Stein adds, "A financial plan is like a roadmap and instills confidence for investors in getting to their final destination. Washingtonians with a documented financial plan are more confident in reaching their financial goals than those without (90% vs. 64%)."

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 Washington D.C. residents aged 21 to 75. Quota were set to balance the local sample on key demographics.

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