

News Release

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**BOSTON RESIDENTS DEFINE WEALTH IN VERY DIFFERENT WAYS
ACCORDING TO NEW RESEARCH FROM CHARLES SCHWAB
Locals say it takes \$2.1 million to be considered wealthy in Boston**

BOSTON, July 25, 2017 — When Boston area residents think about wealth, they are split about what it means, according to new research from Charles Schwab, with some describing wealth as a specific sum of money and others describing it more as a state of mind.

The top five definitions of wealth among 500 Bostonians are:

1. Having a lot of money (27 percent)
2. Enjoying life's experiences (25 percent)
3. Being able to afford anything they want (21 percent)
4. Living stress-free and having peace of mind (21 percent)
5. Having loving relationships with family and friends (11 percent)

When asked how much money is required to be considered “wealthy” in Boston, local area residents say it’s an average of \$2.1 million, or more than 25 times the actual median net worth of U.S. households according to the U.S. Census Bureau.¹

For many Boston area residents, that feels out of reach. While 31 percent of those surveyed say they are already millionaires or believe they can reach that level, the majority (69 percent) say they don’t have any hope.

However, when asked to compare two opposing ideas of wealth at a more personal level, Boston area residents lean into things that money can’t buy, but to a slightly lesser degree than average Americans:

- Sixty percent believe wealth is having good physical health over lots of money (compared to 65 percent of Americans nationwide)
- Fifty-eight percent say wealth is about being with friends vs. making lots of money (compared to 62 percent of Americans nationwide)
- Fifty-one percent say wealth is about having gratitude over having money (compared to 58 percent of Americans nationwide)

“Wealth is often thought of as a large and unattainable sum of money, but that way of thinking is old-fashioned,” said Richard Rivera, branch manager at Charles Schwab’s [Boston branch](#). “We believe people should think about wealth as the money they have now, whether that’s a lot or a little, and what matters is that you pay attention to it. Being engaged, even when you’re just getting started, is the only way to build wealth over time to reach your personal goals.”

Modern Wealth Index: Bostonians trail average Americans, need to focus more on planning

To help track how well Americans across the wealth spectrum are planning, managing and engaging with their wealth, Schwab developed the Modern Wealth Index. The Index, which is grounded in Schwab's Investing Principles, assesses Americans across four factors: 1) goal setting and financial planning, 2) saving and investing, 3) staying on track and 4) confidence in reaching financial goals.

On a scale of 1-100, Boston area residents received a Modern Wealth Index score of 46, slightly below the average national score of 49. Among the four factors of the Index, Bostonians score highest when it comes to confidence in reaching their goals, while the actions it takes to stay on track—such as checking account balances and rebalancing investments—was the largest drag on their overall index score.

	Boston Average	National Average
Modern Wealth Index score	46	49
Goal setting and financial planning	38	43
Saving and investing	51	52
Staying on track	22	24
Confidence in reaching financial goals	61	64

Overall and sub-factors scores are each on a scale of 1-100.

“With an average score of 46, Bostonians are pretty comparable to average Americans, but there’s still plenty of room for improvement,” said Rivera. “In particular, Boston residents trail average Americans the most when it comes to financial planning—only one in five Bostonians have a written financial plan—so that should be a focus area.”

According to the Index, financial planning is critical—those who put pen to paper with written financial plans are more confident, more engaged with their wealth and demonstrate more positive saving and investing behaviors, added Rivera.

Bostonians also lag the country when it comes to budgeting. Only 36 percent of Boston area residents say they have a household budget, compared to 43 percent of Americans nationwide, and only 26 percent say they stick to that budget, compared to 33 percent of Americans across the country. Only 17 percent of Bostonians say they have a monthly savings goal, compared to a quarter (24 percent) of Americans nationwide.

“The cost of living in Boston is certainly more challenging compared to other areas of the country, and that makes it even more crucial for people to stay focused on factors they can control, like their spending and savings habits and setting aside enough money to invest to help build their wealth and stay on track toward their goals,” said Rivera.

Local economy seen as a bright spot

Bostonians are optimistic about the local economy, with nine out of ten saying the Boston area economy is in better shape than or comparable to the U.S. economy. In fact, locals say Boston is one of the hottest areas in the country for the technology industry (61 percent) and career opportunities (52 percent). Survey respondents also cite the following favorable aspects of living in Boston:

- Sixty-four percent rate the area as one of the best for food and dining
- Sixty-three percent say the area boasts one of the top arts and culture scenes
- Sixty-two percent say Boston is among the best areas in the country for its quality of life

However, Bostonians are split in their views about the local cost of living. Fifty-one percent say it’s one of the worst in the country, and 43 percent say living in Boston hurts their ability to reach financial goals. Forty-seven percent, however, say living in Boston either helps or doesn’t impact their ability to reach financial goals.

About the survey and Modern Wealth Index methodology

The Modern Wealth Index, developed in partnership with Koski Research and the Schwab Center for Financial Research, is based on Schwab's Investing Principles and composed of 60 financial behaviors and attitudes – each assigned a varying amount of points depending on their importance. The Index broadly assesses Americans across four factors: 1) goal setting and financial planning, 2) saving and investing, 3) staying on track, and 4) confidence in reaching financial goals. Based on the total number of points received, respondents were indexed on a 1-100 scale for each of the four factors and an overall score.

The online survey was conducted by Koski Research from April 12 to April 20, 2017, among 1,000 Americans nationwide and 500 Boston area residents, aged 21 to 75. The geographical area of the sample is defined by the Boston–Cambridge–Newton, MA–NH Metropolitan Statistical Area. Quotas were set so that the sample is as demographically representative as possible. The margin of error for the total survey sample is three percentage points.

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¹ Smith, Adam, R. Chenevert, J. Eggleston. Improvements to Measuring Net Worth of Households: 2013. Current Population Reports P70BR-143. U.S. Census Bureau, Washington, DC. 2017.

Disclosures

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