

News Release

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

DALLAS, October 3, 2017 — When Dallas-Fort Worth 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 750 Dallas residents are:

1. Having a lot of money (32 percent)
2. Being able to afford anything they want (30 percent)
3. Being comfortable and enjoying life (23 percent)
4. Living stress-free and having peace of mind (20 percent)
5. Having strong relationships (14 percent)

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

For the majority of Dallasites, that feels out of reach. While 35 percent of those surveyed say they are already millionaires or believe they can reach that level, 65 percent don’t think they have any hope.

However, when asked to weigh two opposing ideas of wealth at a more personal level, DFW area respondents lean into things money can’t buy:

- Seventy-six percent believe wealth is about spending time with family now vs. leaving an inheritance for them (24 percent)
- Sixty-five percent equate wealth with having good physical health vs. having lots of money (35 percent)
- Sixty percent say wealth is about being with friends vs. making lots of money (40 percent)

“Wealth is often thought of as an unreachable sum of money, but that is a view of the past,” said Julie Lambert, branch manager at the Charles Schwab branch in [Plano](#). “We believe people should think about wealth as what they have now, whether that’s a lot of money or a little, and the important part is paying attention to it. Being engaged, even when you’re just getting started, is the only way to build wealth over time and attain personal goals.”

Modern Wealth Index: Dallasites trail average Americans, need to improve financial planning

To evaluate how 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 the 1-100 scale, DFW area residents received a Modern Wealth Index score of 47, slightly below the average national score of 49. Among the four factors of the Index, Dallasites 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.

	Dallas Average	National Average
Modern Wealth Index score	47	49
Goal setting and financial planning	41	43
Saving and investing	49	52
Staying on track	23	24
Confidence in reaching financial goals	70	64

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

“With an average score of 47, Dallasites appear to be only slightly behind the curve compared to average Americans when it comes to managing and engaging with their wealth,” Lambert said. ” But when we dig into that score a bit, we find that while confidence among DFW residents is extremely strong, they are lagging when it comes to some of the basics of saving and investing.”

For example, only 30 percent stick to a household budget and just 26 percent of DFW residents say they have built an emergency fund that would cover their expenses for at least three months in the event of a rainy day. That compares to 33 percent and 31 percent of Americans nationwide respectively.

One area Dallasites tend to outshine average Americans is with their debt management. In fact, almost half (49 percent) of DFW area residents say they make all their loan payments on time or don't have any loans at all, compared to 43 percent of Americans overall.

In comparing generations, Dallas’ millennials model some of the better financial habits:

- Thirty-five percent say they have a monthly savings goal, compared to 32 percent of Generation X and 18 percent of boomers
- Fifty-two percent say they increased their 401(k) contribution level in the past year, compared to 33 percent of Gen X and 27 percent of boomers
- Sixty-one percent are aware of the fees on their checking account, compared to about half of Gen X (55 percent) and boomers (48 percent)

Written financial plans unlock positive behavior

One area all Dallasites should focus on is financial planning. According to the Index, DFW residents 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 than average DFW locals, with an Index score of 82. They also score above the city's average across all four sub factors of the Index:

- 1) Confidence in reaching financial goals: 100
- 2) Goal setting and financial planning: 100
- 3) Saving and investing: 71
- 4) Staying on track: 50

There is also significant difference in specific behaviors when comparing those with a written plan to those without:

	Those with a written plan compared to...	...those without it
Increased 401(k) contribution in the past year	51%	31%

Rebalanced 401(k) portfolio in the past year	49%	18%
Make loan payments on time/have no loans	53%	48%
Have an emergency fund	43%	21%
Aware of fees in brokerage account	80%	66%

According to Schwab's survey, just 22 percent of Dallasites say they have a financial plan in writing. When asked why they don't have a plan in writing, DFW residents believe there are a number of reasons:

- They don't have enough money to work with a financial planner (39 percent)
- It's not a priority for them (26 percent)
- They don't have enough money to warrant a plan (25 percent)
- They don't have time (14 percent)
- It's too complicated (13 percent)
- It's too expensive (11 percent)

"We know planning is one of the most essential factors of successful investing and positive financial habits," Lambert said. "It is evident that planning and professional advice needs to be more accessible and engaging for people, because not enough DFW residents—or Americans for that matter—have written financial plans. It's one of the most important issues for our industry to address."

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.

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 from July 24 to August 10, 2017 among 756 Dallas area residents, all aged 21 to 75. The geographical area of the sample is defined by the Dallas-Fort Worth 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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