

# News Release

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## **HOUSTON RESIDENTS DEFINE WEALTH IN VERY DIFFERENT WAYS ACCORDING TO NEW RESEARCH FROM CHARLES SCHWAB**

### **Locals say it takes \$1.7 million to be considered wealthy in Houston**

**HOUSTON, July 11, 2017** — When Houston 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 Houstonians are:

1. Having a lot of money (26 percent)
2. Enjoying life's experiences (21 percent)
3. Being able to afford anything they want (21 percent)
4. Living stress-free and having peace of mind (16 percent)
5. Having loving relationships with family and friends (11 percent)

When asked how much money is required to be considered "wealthy" in Houston, area residents say it's an average of \$1.7 million, or more than 20 times the actual median net worth of U.S. households according to the U.S. Census Bureau.<sup>1</sup>

And for many Houstonians, that feels out of reach. While 37 percent of those surveyed say they are already millionaires or believe they can reach that level, the majority (63 percent) say they don't have any hope.

However, when asked to compare two opposing ideas of wealth at a more personal level, Houston area residents lean into things that money can't buy:

- Fifty-nine percent say wealth is about having gratitude vs. having money (41 percent)
- Fifty-eight percent equate wealth with having good physical health vs. having lots of money (42 percent)
- Seventy-six percent believe wealth is about spending time with family now vs. leaving an inheritance for them (24 percent)

"Wealth is often thought of as an unattainable sum of money, but that's really an outdated point of view," said Jackie Bevill, financial consultant at the Charles Schwab branch in [Houston](#). "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: Houstonians mirror average Americans**

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, Houstonians received a Modern Wealth Index score of 49, in line with the average national score. Among the four factors of the Index, Houston area residents 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.

	Houston Average	National Average
Modern Wealth Index score	49	49
Goal setting and financial planning	49	43
Saving and investing	48	52
Staying on track	23	24
Confidence in reaching financial goals	78	64

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

“With an average score of 49, Houstonians mirror average Americans overall. Houstonians are slightly ahead of the curve when it comes to financial planning, but there’s still plenty of room for improvement,” said Bevill.

According to Schwab’s survey, just 28 percent of Houstonians say they have a financial plan in writing.

“Our findings show financial planning is a critical factor,” said Bevill. “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, so that’s where Houston area residents should focus most.”

### **Local economy, cost of living seen as bright spots**

Houstonians are optimistic about the local economy, with nine in 10 saying the Houston area economy is in better shape than or comparable to the U.S. economy. In fact, locals say Houston is one of the best areas in the country for overall quality of life (64 percent) and career opportunities (60 percent). Survey respondents also cite the following favorable aspects of living in Houston:

- Sixty-nine percent rate the area as one of the best for food and dining
- Fifty-five percent say Houston is one of the hottest areas for the technology industry
- Fifty-four percent say the area boasts one of the top arts and culture scenes

Houstonians are also pleased with the area’s cost of living, with more than half (57 percent) saying it’s among the best in the country. In fact, 48 percent say living in Houston helps their ability to reach their 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 aged 21 to 75 and 500 Houston area residents. 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.

### **About Charles Schwab**

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advisors and employers who serve them, and championing our clients' goals with passion and integrity. More information is available at [www.aboutschwab.com](http://www.aboutschwab.com). Follow us on [Twitter](#), [Facebook](#), [YouTube](#) and [LinkedIn](#).

<sup>1</sup> 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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