

# News Release

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## **NEW YORK CITY RESIDENTS DEFINE WEALTH IN VERY DIFFERENT WAYS ACCORDING TO NEW RESEARCH FROM CHARLES SCHWAB Locals say it takes \$3.2 million to be considered wealthy in NYC**

**NEW YORK CITY, July 26, 2017** — When New York City 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 New Yorkers are:

1. Having a lot of money (25 percent)
2. Enjoying life's experiences (22 percent)
3. Being able to afford anything they want (22 percent)
4. Living stress-free and having peace of mind (14 percent)
5. Financial security and stability (9 percent)

When asked how much money is required to be considered “wealthy” in NYC, local area residents say it’s an average of \$3.2 million, or more than 40 times the actual median net worth of U.S. households according to the U.S. Census Bureau.<sup>1</sup> In the rest of the country, New Yorkers believe it takes about \$2.5 million to be considered “wealthy.”

While they set the bar high, New Yorkers are divided on whether they’ll be able to achieve millionaire status. About half (48 percent) say they are already millionaires or believe they can reach that level, while the other half (52 percent) say they don’t have any hope.

When asked to compare two opposing ideas of wealth at a more personal level, New York City residents lean into things that money can’t buy, although to a lesser degree than average Americans across the country:

- Sixty-six percent say wealth equates to having a healthy work/life balance over an important job title (compared to 78 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-five percent believe wealth is having good physical over lots of money (compared to 65 percent of Americans nationwide)

“Wealth is often thought of as a large and unreachable amount of money, especially in a place like New York, where the cost of living is so high, but that sentiment is outdated,” said Sanya Rizvi, branch manager at Charles Schwab’s [Upper West Side branch](#).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: The Big Apple outscores Americans overall

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, New York City residents received a Modern Wealth Index score of 51, slightly above the average national score of 49. Among the four factors of the Index, New York 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.

	<b>New York City Average</b>	<b>National Average</b>
Modern Wealth Index score	51	49
Goal setting and financial planning	56	43
Saving and investing	49	52
Staying on track	25	24
Confidence in reaching financial goals	80	64

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

“With an average score of 51, New Yorkers are doing a little better than average Americans overall. But when we dig into that score a bit, we find that while confidence among New Yorkers is extremely strong, they are lagging when it comes to some of the basics of saving and investing,” said Rizvi.

In particular, New Yorkers scored low when it comes to budgeting, noted Rizvi. Only 35 percent of New Yorkers say they have a household budget, compared to 43 percent of Americans nationwide, and only 28 percent say they stick to that budget, compared to 33 percent of Americans across the country. Only 29 percent of New York City residents say they make all their loan payments on time or have no loans at all, compared to 43 percent of Americans nationwide.

“The cost of living in New York City 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 Rizvi.

Another area in which New Yorkers can improve is financial planning. Although 68 percent say they have a financial plan, only 32 percent admit that their plan is in writing.

“According to the Index, having a written financial plan is a critical factor – 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 New York City residents should focus most,” Said Rizvi

### **New York City millennials leading the way**

Among New Yorkers, millennials stand out as planners. Almost half (46 percent) of New York City millennials say they have a written financial plan, compared to 18 percent of Gen X and 13 percent of boomers. They’re also setting a better example when it comes to managing their wealth and staying engaged:

- Thirty-five percent stick to their monthly savings goal, compared to 22 percent of Gen X and 13 percent of boomers
- Fifty-two percent have increased their 401(k) contribution in the past year, compared to about a third of Gen X and boomers, and
- Fifty-three percent have rebalanced their 401(k) portfolios, compared to about a quarter percent of Gen X and boomers

One area where all New York City residents, including millennials, can improve is in their daily spending habits:

<b>I spend money on...</b>	<b>NYC Millennials</b>	<b>New Yorkers</b>	<b>Nationwide</b>
Taxis and Ubers	75%	63%	31%
Coffee that costs more than \$4 each	73%	58%	42%
Live music and sports	81%	71%	64%
Eating at one of the hot restaurants in town	86%	74%	67%
Clothes I don't necessarily need	78%	67%	55%

### **Local economy seen as a bright spot**

New Yorkers are optimistic about the local economy, with more than half (52 percent) saying the New York City economy is in better shape than the U.S. economy. Locals say NYC is one of the hottest areas in the country for the technology industry (58 percent) and career opportunities (58 percent). Survey respondents also cite the following favorable aspects of living in New York City:

- Seventy-three percent rate the area as one of the best for food and dining
- Sixty-nine say the area boasts one of the top arts and culture scenes
- Fifty-seven percent say NYC is among the best areas of the country for its quality of life

Not surprisingly, New Yorkers are least pleased with the area's cost of living, with more than half (53 percent) saying it's one of the worst in the country. In fact, 47 percent say living in New York City hurts 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 nationwide and 500 New York area residents, aged 21 to 75. The geographical area of the sample is defined by the New York-Newark-Jersey City, NY-NJ-PA 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.

### **About Charles Schwab**

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<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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