

News Release

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PHILLY 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 Philadelphia

PHILADELPHIA, July 11, 2017 — When Philadelphia 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 Philadelphians are:

1. Being able to afford anything they want (26 percent)
2. Having a lot of money (25 percent)
3. Enjoying life's experiences (25 percent)
4. Living stress-free and having peace of mind (20 percent)
5. Having loving relationships with family and friends (12 percent)

When asked how much money is required to be considered “wealthy” in Philadelphia, 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.¹

And for many Philly area residents, that feels out of reach. While 36 percent of those surveyed say they are already millionaires or believe they can reach that level, the majority (64 percent) say they don’t have any hope.

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

- Seventy-five percent believe wealth is about spending time with family now vs. leaving an inheritance for them (25 percent)
- Sixty-three percent equate wealth with having good physical health vs. having lots of money (37 percent)
- Fifty-one percent say wealth is about having gratitude vs. having money (49 percent)

“Wealth is often viewed of as an unachievable sum of money, but that’s really an old-fashioned interpretation of the idea,” said Michael Martin, financial consultant at the Charles Schwab branch in [Philadelphia](#). “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: Philadelphians trail average Americans, need to focus most 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, Philly 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, Philadelphians 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.

	Philadelphia Average	National Average
Modern Wealth Index score	47	49
Goal setting and financial planning	37	43
Saving and investing	52	52
Staying on track	23	24
Confidence in reaching financial goals	62	64

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

“With an average score of 47, Philadelphians are pretty comparable to average Americans, but there’s still plenty of room for improvement,” said Martin. “In particular, Philly residents trail average Americans the most when it comes to financial planning, 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 Martin.

One area where Philadelphians tend to outshine average Americans is with their debt management. In fact, almost half (47 percent) of Philly 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.

“Staying on top of loan payments to eliminate debt is important because overtime, that frees up more cash to save and invest,” said Martin. “It’s essential for people to be prudent and diligent about things they can control like saving, spending and debt management. That’s a key to help manage their wealth and stay on track toward their goals,” said Martin.

Local economy seen as a bright spot

Philadelphians are optimistic about the local economy, with 85 percent saying the Philly area economy is in better shape than or comparable to the U.S. economy. Almost two-thirds (66 percent) say Philadelphia boasts one of the best food and dining scenes in the country, while 64 percent say it’s one of the nation’s best cities for arts and culture.

However, Philadelphians are split in their views about the local cost of living:

- Twenty-nine percent say living in Philadelphia helps them reach their financial goals because it’s affordable and provides opportunities to be financially successful in the long-term
- Twenty-six percent say living in Philadelphia hurts their ability to reach their financial goals because the overall cost of living is too high
- Thirty-one percent say living in Philadelphia doesn’t impact their ability to reach their financial goals in any way (14 percent are uncertain)

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 Philadelphia 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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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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