

News Release

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SAN DIEGO RESIDENTS DEFINE WEALTH IN VERY DIFFERENT WAYS ACCORDING TO NEW RESEARCH FROM CHARLES SCHWAB Locals say it takes \$2.7 million to be considered wealthy in San Diego

SAN DIEGO, August 8, 2017 — When San Diego 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 San Diegans are:

1. Having a lot of money (30 percent)
2. Enjoying life's experiences (25 percent)
3. Being able to afford anything they want (24 percent)
4. Living stress-free and having peace of mind (19 percent)
5. Having loving relationships with family and friends (13 percent)

When asked how much money is required to be considered "wealthy" in San Diego, local area residents say it's an average of \$2.7 million, or more than 30 times the actual median net worth of U.S. households according to the U.S. Census Bureau.¹

And for many San Diegans, 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.

When asked to compare two opposing ideas of wealth at a more personal level, San Diego residents lean into things that money can't buy:

- Seventy-four percent believe wealth is about spending time with family now vs. leaving an inheritance for them (26 percent)
- Sixty-six percent equate wealth with having good physical health vs. having lots of money (34 percent)
- Fifty-seven percent say wealth is about having gratitude vs. having money (43 percent)

"Wealth is viewed so often as an unachievable amount of money, but that way of thinking is old-fashioned," said Randy Schechter, branch manager of Charles Schwab's [La Jolla 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: San Diegans trail 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, San Diego residents received a Modern Wealth Index score of 46, slightly below the average national score of 49. Among the four factors of the Index, San Diego 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.

| | San Diego Average | National Average |
|--|-------------------|------------------|
| Modern Wealth Index score | 46 | 49 |
| Goal setting and financial planning | 41 | 43 |
| Saving and investing | 49 | 52 |
| Staying on track | 22 | 24 |
| Confidence in reaching financial goals | 65 | 64 |

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

“With an average score of 46, San Diegans are a bit behind average Americans when it comes to managing and engaging with their wealth,” said Schechter. “In fact, when we dig into that score a bit, we find that confidence among San Diego residents is higher than it is among average Americans, yet they are lagging in many important aspects, including planning.”

According to Schwab’s survey, just one in five (21 percent) of San Diegans say they have a financial plan in writing.

“Our findings show setting goals and having a written plan are critical,” said Schechter. “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 San Diego area residents should focus most.”

Local economy seen as a bright spot

San Diegans are optimistic about the local economy, with 84 percent saying the San Diego area economy is in better shape than or comparable to the U.S. economy. Most (68 percent) are pleased with their overall quality of life, rating it among the best in the country. More than two-thirds (69 percent) also say San Diego boasts one of the country’s best food and dining scenes.

However, those positive attributes come at a high price: 65 percent of locals say the cost of living in San Diego is one of the worst in country. Fifty-eight percent say it hurts their ability to meet 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 San Diego area residents, aged 21 to 75. The geographical area of the sample is defined by the San Diego–Carlsbad Metropolitan Statistical Area 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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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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