

# News Release

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## **SOUTH FLORIDA RESIDENTS DEFINE WEALTH IN VERY DIFFERENT WAYS ACCORDING TO NEW RESEARCH FROM CHARLES SCHWAB Locals say it takes \$2.1 million to be considered wealthy in South Florida**

**WEST PALM BEACH, July 25, 2017** — When South Florida 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 South Floridians are:

1. Having a lot of money (26 percent)
2. Enjoying life's experiences (19 percent)
3. Being able to afford anything they want (18 percent)
4. Living stress-free and having peace of mind (17 percent)
5. Financial security and stability (9 percent)

When asked how much money is required to be considered "wealthy" in South Florida, locals say it's an average of \$2.1 million, or more than 25 times the actual median net worth of U.S. households according to the U.S. Census Bureau.<sup>1</sup>

While they set the bar high, South Floridians are divided on whether they'll be able to achieve millionaire status. About half (45 percent) say they are already millionaires or believe they can reach that level, while the other half (55 percent) say they don't have any hope.

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

- Eighty-three percent say wealth is about not having to stress over money vs. having more money than others you know
- Seventy-eight percent say wealth is about not having to worry about the future more than being able to buy whatever you want
- Fifty-nine percent say wealth is about having gratitude over having money

"Wealth is often thought of an inaccessible amount of money, but that's an outdated definition," said David Rosenfeld, branch manager at Charles Schwab's [West Palm Beach branch](#).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: South Floridians 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, South Florida residents received a Modern Wealth Index score of 50, just a notch above the average national score of 49. Among the four factors of the Index, South Floridians 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.

	South Florida Average	National Average
Modern Wealth Index score	50	49
Goal setting and financial planning	55	43
Saving and investing	47	52
Staying on track	23	24
Confidence in reaching financial goals	87	64

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

“With an average score of 50, South Florida residents are pretty comparable to average Americans, but there’s still plenty of room for improvement,” said Rosenfeld. “In fact, when we dig into that score a bit, we find that while confidence among South Floridians is extremely strong, they are lagging when it comes to some of the basics of saving and investing.”

In particular, South Floridians scored low when it comes to budgeting, noted Rosenfeld. Only 37 percent of South Floridians 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 South Florida residents say they don’t have any credit card debt, compared to 37 percent of Americans nationwide.

“It’s 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 Rosenfeld. “And that’s why financial planning is key. 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.”

According to the Index, only 32 percent of South Floridians have a written financial plan. Interestingly, two in five (42 percent) of South Florida millennials say they have a written financial plan, compared to 25 percent of Gen X and 18 percent of boomers.

Yet millennials are also the loosest with their wallets when it comes to daily spending habits:

I spend money on...	South Florida Millennials	South Floridians	Nationwide
Taxis and Ubers	59%	48%	31%
Clothes I don’t necessarily need	72%	62%	55%
Coffee that costs more than \$4 each	58%	50%	42%
Eating at one of the hot restaurants in town	82%	78%	67%
The latest electronic gadget	76%	70%	63%

### Local economy seen as a bright spot

South Floridians are optimistic about the local economy, with nearly nine out of ten (85 percent) saying the South Florida economy is in better shape than or comparable to the U.S. economy. Locals rate South Florida

as one of the best in the nation for food and dining (68 percent) and arts and culture (53 percent). Sixty-one percent say South Florida is among the best areas in the country for its quality of life.

However, South Floridians are split in their views about the local cost of living. Forty percent say it's one of the worst in the country, and 39 percent say living in South Florida hurts their ability to reach financial goals. Fifty-three percent, however, say living in South Florida either helps or doesn't impact their ability to reach 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 South Florida area residents, aged 21 to 75. The geographical area of the sample is defined by the Miami-Fort Lauderdale-West Palm Beach 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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