

News Release



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**WASHINGTONIANS DEFINE WEALTH IN VERY DIFFERENT WAYS
ACCORDING TO NEW RESEARCH FROM CHARLES SCHWAB
Locals say it takes \$3 million to be considered wealthy in D.C.**

WASHINGTON, D.C., October 3, 2017 – Washingtonians are split on their definitions of wealth, according to new research from Charles Schwab, with some describing it as a sum of money and others choosing to see it as more of a state of mind.

The top five definitions of wealth among 750 D.C. area residents are:

1. Having a lot of money (34 percent)
2. Being able to afford anything (30 percent)
3. Enjoying life's experiences (29 percent)
4. Living stress free and having peace of mind (16 percent)
5. Relationships with family and friends (10 percent)

When asked how much money is required to be considered “wealthy” in D.C., residents say it takes an average net worth of \$3 million, or more than 35 times the median net worth of U.S. households, according to the U.S. Census Bureau.

And for the majority of D.C. area residents, that feels out of reach. While 40 percent of those surveyed say they are already millionaires or believe they can reach that level, 60 percent don't think they have any hope.

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

- Eighty-nine percent believe wealth is not having to stress over money vs. having more money than most people (11 percent)
- Seventy-two percent say wealth is spending time with family now vs. leaving an inheritance (28 percent)
- Sixty percent say wealth is about having good physical health over having a lot of money (40 percent)

“Wealth is often viewed as an unachievable sum of money, but that's really an outdated definition,” said Daniel Stein, CFP®, branch manager of the Charles Schwab branch in [Bethesda](#). “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, can be crucial to help build wealth over time and reach your personal goals.”

Modern Wealth Index: D.C. residents slightly better than average Americans, need to focus more 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 the 1-100 scale, D.C. residents surveyed received a Modern Wealth Index score of 51, just slightly above the average national score of 49. They 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.

	D.C. Average	National Average
Modern Wealth Index score	51	49
Goal setting and financial planning	42	43
Saving and investing	56	52
Staying on track	25	24
Confidence in reaching financial goals	70	64

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

“With an average score of 51, Washingtonians appear to be doing slightly better than average Americans, but there is still plenty of room for improvement,” said Stein.

In particular, only 25% of Washingtonians say they stick to a household budget, noted Stein. That compared to a slightly higher 33 percent of Americans nationwide. Just 22 percent of local area residents say they stick to a monthly savings goal, compared to 24 percent of Americans nationwide.

One area Washingtonians tend to outshine average Americans is with their debt management. In fact, more than half (52 percent) of D.C. area 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.

Written financial plans unlock positive behavior

One area all D.C. residents should focus on is financial planning. According to the Index, D.C. residents 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 than average Washingtonians, with an index score of 84. They also score above the D.C. average across all four sub factors of the Index:

- 1) Goal setting and financial planning: 100
- 2) Saving and investing: 73
- 3) Staying on track: 51
- 4) Confidence in reaching financial goals: 100

There is also significant difference in specific behaviors when comparing those with a written plan to those without:

	Those with a written plan compared to...	...those without it
Have a household budget	52%	35%
Have a monthly savings goal	49%	27%
Make their loan payments on time or have no loans	56%	50%

Rebalanced 401(k) portfolio in the past year	48%	23%
Increased contribution 401(k) in the past year	40%	25%
Aware of fees in brokerage account	78%	64%

When asked why they don't have a plan in writing, Washingtonians believe there are a number of reasons:

- They don't have enough money to work with a financial planner (37 percent)
- It's not a priority for them (30 percent)
- They don't have enough money to warrant a plan (26 percent)
- They don't have time (16 percent)
- It's too complicated (15 percent)
- It's too expensive (12 percent)

"Planning is one of the most critical components of successful investing and positive financial behaviors," said Stein. "We've seen a clear need to make planning and professional advice more accessible and engaging for people, because not enough Washingtonians—or Americans for that matter—have written financial plans. It's one of the most important issues for our industry to address today."

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.

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 from July 24 to August 10, 2017 among 755 Washington, D.C. area residents, aged 21 to 75. The geographical area of the sample included all the Maryland, Virginia and D.C. counties in the Washington, D.C., 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.

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