

News Release

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BAY AREA RESIDENTS SAY IT TAKES \$4.1 MILLION TO BE WEALTHY, BUT MOST DON'T HAVE A FINANCIAL PLAN TO GET THERE

Planners Demonstrate Better Money and Investing Habits Says Schwab's 2018 Modern Wealth Index

San Francisco, June 19, 2018 — According to new research from [Charles Schwab](#), San Francisco Bay Area residents say it takes more than \$4 million to be considered wealthy, yet over half (51 percent) live paycheck to paycheck and only one in four (26 percent) have a written financial plan. Among those who do have a plan in place, the survey reveals a connection between planning and positive investing and saving behavior.

About 750 Bay Area residents participated in Schwab's 2018 [Modern Wealth Index](#), an assessment that scores participants from 1 to 100 based on how well they manage their money and investments across four factors: 1) goal setting and financial planning, 2) saving and investing, 3) staying on track, and 4) confidence in reaching financial goals.

The Index reveals that having a written financial plan can lead to better daily money behaviors. "Planners" are more likely to have a higher overall Modern Wealth Index score, be regular savers, and effectively manage their debt:

	Planners	Non-Planners	All
Average Modern Wealth Index score	70	50	55
Pay bills and still save each month	68%	43%	49%
Have an emergency fund	68%	35%	44%
Have life insurance	52%	36%	40%
Feel financially stable	72%	40%	49%
Never carry a credit card balance and make other loan payments on time, or have no debt	49%	36%	40%
Live paycheck to paycheck	28%	60%	51%

"When we look at the top overall performers in our Modern Wealth Index, there's a consistent theme that they're planners," said Richard Zak, regional market executive for Charles Schwab in the Bay Area. "Planning is critical to achieving any goal. It's like a roadmap--it forces you to develop a realistic and informed perspective on where you are, where you want to go, and how to make the best use of your resources to get there."

When it comes to investing behavior, these planners are more likely to stay engaged with their investments, be aware of the fees they are paying, and have confidence about reaching their goals:

	Planners*	Non-planners*	All*
Feel confident about reaching financial goals	90%	71%	76%
Consider risk tolerance when investing	85%	63%	70%
Aware of fees and investment costs	78%	49%	59%
Regularly rebalance portfolio	88%	47%	61%
Measure progress against goals instead of performance	50%	43%	46%
Have a diversified portfolio	29%	11%	17%

*Among 2018 Modern Wealth Index participants who say they have an investment account

Roadblocks to planning: “I don’t have enough money”

Among those without a written plan, 38 percent say it’s because they don’t think they have enough money to merit a formal plan—the top roadblock according to Schwab’s study. About a quarter (24 percent) say they wouldn’t know how to go about getting a plan and another 22 percent say getting a financial plan simply never occurred to them.

“The idea that financial planning and wealth management are just for millionaires is one of the biggest misconceptions in the Bay Area and among Americans overall,” said Zak. “Whether people think they don’t have enough money, believe it would be too expensive, or just find the whole concept too complicated, the longer they wait the harder it is to achieve long-term success.”

“There’s no reason for financial planning to seem so difficult,” Zak added. “At Schwab, we’re making planning more accessible by lowering costs, simplifying the experience, and having conversations that ignite people’s passions rather than overwhelming them with tedious charts and numbers.”

Modern wealth: It’s not all about money

In addition to assessing how Bay Area residents are investing, Schwab asked area residents to think about personal definitions of wealth in their lives, and the survey revealed a wide range of perspectives. When asked about numbers, residents think it takes \$4.1 million to be wealthy, but when asked for their personal definition of wealth, some of the top most popular descriptors aren’t about money at all:

- Living stress-free/peace of mind (30 percent)
- Being able to afford anything I want (21 percent)
- Loving relationships with family and friends (13 percent)

To be considered financially comfortable, survey respondents believe it takes \$2.1 million.

According to Schwab’s survey, over half of Bay Area residents (51 percent) believe saving and investing is the way to achieve wealth over time. But in the short term, they say that other things make them feel wealthy in their day-to-day lives:

- Having time to myself (58 percent)
- Spending time with family (52 percent)
- Owning a home (47 percent)
- Eating out or having meals delivered (39 percent)
- Grooming/pampering experiences like manicures, massages and haircuts (30 percent)

Other things that make people feel wealthy in their daily lives include subscription services like movie/TV and music streaming (27 percent), owning the latest tech gadgets (24 percent) and shopping at specialty grocery stores (23 percent).

People can take the Modern Wealth Index survey to receive their own personal score in just a few minutes at www.schwab.com/MyModernWealth.

About the Modern Wealth Index

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 over 50 financial behaviors and attitudes. Each behavior or attitude is assigned a varying amount of points depending on its importance, out of a total of 100 possible points.

The online survey was conducted by Koski Research from January 23 to February 12, 2018 among 750 San Francisco Bay Area residents aged 21 to 75. The geographical area of the sample is defined by Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, and Solano areas. 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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