

# News Release

## Contact:

Hibah Shariff  
Charles Schwab  
415-667-0507  
[hibah.shariff@schwab.com](mailto:hibah.shariff@schwab.com)

## HOUSTON RESIDENTS SAY IT TAKES \$2.5 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

**HOUSTON, July 24, 2018** — According to new research from [Charles Schwab](#), Houston residents say it takes \$2.5 million to be considered wealthy, yet nearly three in five live paycheck to paycheck and only one in three 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 500 Houston 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	65	47	53
Pay bills and still save each month	71%	40%	50%
Have an emergency fund	57%	25%	35%
Have life insurance	60%	43%	48%
Feel financially stable	55%	36%	42%
Never carry a credit card balance and make other loan payments on time, or have no debt	36%	27%	29%
Live paycheck to paycheck	45%	64%	58%

"When we look at the top overall performers in our Modern Wealth Index, there's a consistent theme that they're planners," said Gerry Weil, branch manager at the Charles Schwab branch in [Houston](#). "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*
Consider risk tolerance when investing	83%	53%	65%

Aware of fees and investment costs	75%	39%	54%
Regularly rebalance portfolio	83%	48%	62%
Feel confident about reaching financial goals	88%	69%	75%
Measure progress against goals instead of performance	50%	45%	47%
Have a diversified portfolio	15%	10%	12%

\*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, 39 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. Nearly a quarter say getting a financial plan simply never occurred to them and another 19 percent say they wouldn’t know how to go about getting a plan.

“The idea that financial planning and wealth management are just for millionaires is one of the biggest misconceptions among Houston area residents, and Americans overall,” said Weil. “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,” Weil 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 Houston locals 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 \$2.5 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 (20 percent)
- Loving relationships with family and friends (13 percent)

To be considered financially comfortable, survey respondents believe it takes \$1.5 million.

According to Schwab’s survey, over half of Houstonians (55 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:

- Spending time with family (56 percent)
- Having time to myself (54 percent)
- Owning a home (49 percent)
- Eating out or having meals delivered (36 percent)
- Subscription services like movie/TV and music streaming (28 percent)

Other things that make people feel wealthy in their daily lives include grooming and pampering experiences like massages and manicures (27 percent), owning the latest tech gadgets (25 percent) and driving a luxury car (21 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](http://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 15, 2018 among 501 Houston residents aged 21 to 75. The geographical area of the sample is defined by the Houston–The Woodlands–Sugar Land 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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