

News Release

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HOW FOMO FUELS SPENDING: BOSTON RESIDENTS SAY FINANCIAL DECISIONS ARE INFLUENCED BY FRIENDS’ SOCIAL MEDIA FEEDS

BOSTON, May 15, 2019 — About a third of Boston residents admit their spending habits have been influenced by images and experiences shared by their friends on social media and confess they spend more than they can afford to avoid missing out on the fun, according to Schwab’s [2019 Modern Wealth Survey](#), an annual examination of how 500 Bostonians think about saving, spending, investing and wealth.

Survey respondents place blame on social media platforms and not people—they rank social media as the biggest “bad” influence when it comes to how they manage their money, while they put friends and family at the top of “good” influences.

According to the survey, three in five Boston residents pay more attention to how their friends spend compared to how they save, with 65 percent saying they’re at a loss to understand how their friends are able to afford the expensive vacations and trendy restaurant meals they portray on social media.

The pressure to spend as a result of social media envy and the desire to not be left out of friends’ experiences is more acute among millennials, the survey found:

	All	Millennials	Generation X	Boomers
Wonder how friends can afford expensive experiences posted on social media	65%	71%	74%	47%
Pay more attention to how their friends spend versus save	62%	63%	61%	63%
Spent more money than they can afford to participate in experiences with friends	33%	41%	36%	16%
Influenced by social media to spend money on experiences	30%	41%	30%	11%

“The burden to ‘keep up with the Joneses’ has been part of our culture for a long time, but it seems that social media has increased the pressure to spend,” said Rich Rivera, branch manager at the Charles Schwab branch in [Boston](#). “Spending is not the enemy, but it’s important to balance saving and spending so we can both enjoy life’s experiences along the way and achieve long-term financial security.”

Despite the financial pressures lurking in their social media feeds, 56 percent of Boston locals consider themselves to be savers, and 58 percent say they’re willing to sacrifice spending money on experiences now to save money for later in life.

However, a significant number of Boston residents are still struggling to save:

- A majority (56 percent) live paycheck to paycheck
- Almost half (45 percent) typically carry a credit card balance
- Less than half (39 percent) have built up an emergency fund

- On average, they spend more than \$350 a month on “non-essential items”

Planners demonstrate better money and investing habits

For those looking for a way to stay the course, Schwab’s survey shows that 63 percent of Boston residents who have a written financial plan feel financially stable, while only 39 percent of those without a plan feel that same level of comfort. Those with a plan also maintain healthier money habits when it comes to saving:

	Planners	Non-planners	All
Pay bills and save each month	70%	45%	51%
Have an emergency fund	64%	32%	39%
Automate a portion of their income to go into savings	68%	33%	41%

Planners also demonstrate good investing behavior:

	Planners*	Non-planners*	All*
Consider risk tolerance when investing	77%	55%	61%
Aware of fees and investment costs	70%	45%	53%
Regularly rebalance portfolio	83%	50%	59%
Feel ‘very confident’ about reaching financial goals	48%	15%	22%
Have a diversified portfolio	23%	13%	16%

*Among 2019 Modern Wealth Survey participants who say they have an investment account

Despite the benefits of planning, Schwab’s survey shows that only 24 percent of Boston residents have a financial plan in writing. And among those without one, 43 percent say it’s because they don’t think they have enough money to merit a formal plan, 24 percent say it’s too complicated, and 13 percent say they don’t have enough time to develop one.

“We want to change the perception that financial planning is inaccessible, too expensive and too complicated,” said Rivera. “A written plan is just capturing your short-term goals and long-term goals and determining a path with saving and investing to achieve them. It’s that simple”

If I had a Million Dollars (Would I be Rich?)

According to the survey, Boston residents believe it takes an average \$2.4 million in personal net worth to be considered “wealthy” in their area. That’s more than 24 times the actual median net worth of U.S. households, according to the Federal Reserve’s Survey of Consumer Finances released in 2017.

Almost half of Boston residents are optimistic that they will be wealthy at some point in their lives, and more than one-third believe they will achieve that goal within a decade. More than nine percent say they already consider themselves wealthy, although their numerical definition of wealth is lower—they believe they achieved wealth at almost \$2 million in net worth.

Despite the high dollar amounts Boston locals use to define wealth, when it comes to feeling personally wealthy, 67 percent say it isn’t about a dollar amount at all, but rather the way they live their lives.

When asked what they would do with a sudden \$1 million windfall, more than half (57 percent) of survey respondents say they would spend it—on real estate first, followed by a car. In addition, they say they would use the funds to pay down debt (31 percent), invest (25 percent) and save (20 percent).

Schwab has created a Modern Wealth Quiz to help people gain insights about their own saving, spending, and investing habits. The brief, multiple-choice questionnaire is available at www.schwab.com/MyModernWealth.

About the Modern Wealth Survey

The online survey was conducted by Logica Research from February 13 to March 5, 2019, among 500 Boston area residents aged 21 to 75. The geographical area of the sample is defined by the Boston–Cambridge–Newton, MA–NH Metropolitan Statistical Area. Quotas were set so that the sample is as demographically representative as possible. The margin of error for the sample is four percentage points.

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