

News Release



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

DENVER, May 15, 2019 — About one-third of Denver 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 Denver locals 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 Denver residents pay more attention to how their friends spend compared to how they save, with an equal number 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	61%	72%	63%	34%
Pay more attention to how their friends spend versus save	60%	62%	61%	56%
Spent more money than they can afford to participate in experiences with friends	30%	40%	28%	12%
Influenced by social media to spend money on experiences	32%	44%	29%	9%

“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 Brad Bartick, branch manager at the Charles Schwab branch in [Denver](#). “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, more than half of Denver locals consider themselves to be savers, and 59 percent say they’re willing to sacrifice spending money on experiences now to save money for later in life.

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

- A majority (60 percent) live paycheck to paycheck
- Nearly half (49 percent) typically carry a credit card balance
- Just one-third (35 percent) have built up an emergency fund

- On average, they spend more than \$400 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 66 percent of Denver residents who have a written financial plan feel financially stable, while only 31 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	77%	39%	49%
Have an emergency fund	67%	24%	35%
Automate a portion of their income to go into savings	69%	30%	40%

Planners also demonstrate good investing behavior:

	Planners*	Non-planners*	All*
Consider risk tolerance when investing	75%	52%	60%
Aware of fees and investment costs	77%	37%	51%
Regularly rebalance portfolio	83%	51%	62%
Feel ‘very confident’ about reaching financial goals	50%	15%	24%
Have a diversified portfolio	25%	10%	15%

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

Despite the benefits of planning, Schwab’s survey shows that only 26 percent of Denver residents have a financial plan in writing. And among those without one, 44 percent say it’s because they don’t think they have enough money to merit a formal plan, 21 percent say it’s too complicated, and 14 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 Bartick. “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, Denver residents believe it takes an average \$2 million in personal net worth to be considered “wealthy” in their area. That’s more than 20 times the actual median net worth of U.S. households, according to the Federal Reserve’s Survey of Consumer Finances released in 2017.

Nearly half of Denver residents are optimistic that they will be wealthy at some point in their lives, and one-third believe they will achieve that goal within a decade. Ten percent say they already consider themselves wealthy, although their numerical definition of wealth is lower—they believe they achieved wealth at almost \$700,000 in net worth.

Despite the high dollar amounts Denver locals use to define wealth, when it comes to feeling personally wealthy, more than three-fourths 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 (55 percent) of survey respondents say they would spend it—on real estate first, followed by travel. In addition, they say they would use the funds to pay down debt (40 percent), invest (29 percent) and save (21 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 29, 2019, among 500 Denver area residents aged 21 to 75. The geographical area of the sample is defined by the Denver-Aurora-Lakewood 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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