

# News Release

**Contact:**

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

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

**PHILADELPHIA, May 15, 2019** — More than a quarter of Philadelphia 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 Philadelphia 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, 60 percent of Philadelphia residents pay more attention to how their friends spend compared to how they save, with roughly the same 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	57%	72%	56%	37%
Pay more attention to how their friends spend versus save	60%	57%	61%	62%
Spent more money than they can afford to participate in experiences with friends	26%	45%	21%	6%
Influenced by social media to spend money on experiences	29%	42%	30%	8%

“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 Michael Martin, financial consultant at the Charles Schwab branch in [Philadelphia](#). “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, 61 percent of Philadelphia locals consider themselves to be savers, and 65 percent say they’re willing to sacrifice spending money on experiences now to save money for later in life.

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

- A majority (59 percent) live paycheck to paycheck
- Two in five (42 percent) typically carry a credit card balance

- Less than half (41 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 59 percent of Philadelphia residents who have a written financial plan feel financially stable, while only 35 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	71%	43%	51%
Have an emergency fund	62%	33%	41%
Automate a portion of their income to go into savings	73%	32%	43%
Never carry a credit card balance and make other loan payments on time, or have no debt	52%	29%	35%

Planners also demonstrate good investing behavior:

	Planners*	Non-planners*	All*
Consider risk tolerance when investing	78%	55%	63%
Aware of fees and investment costs	70%	38%	49%
Regularly rebalance portfolio	82%	54%	64%
Feel ‘very confident’ about reaching financial goals	51%	15%	25%
Have a diversified portfolio	20%	11%	14%

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

Despite the benefits of planning, Schwab’s survey shows that only 28 percent of Philadelphia residents have a financial plan in writing. And among those without one, 40 percent say it’s because they don’t think they have enough money to merit a formal plan, 19 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 Martin. “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, Philadelphia residents believe it takes an average \$2.3 million in personal net worth to be considered “wealthy” in their area. That’s more than 23 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 Philadelphia residents are optimistic that they will be wealthy at some point in their lives, and more than a third believe they will achieve that goal within a decade. More than six percent say they already consider themselves wealthy, although their numerical definition of wealth is lower—they believe they achieved wealth at approximately \$900,000 in net worth.

Despite the high dollar amounts Philadelphia locals use to define wealth, when it comes to feeling personally wealthy, 70 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, nearly half (48 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 (40 percent), invest (28 percent) and save (19 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](http://www.schwab.com/MyModernWealth).

### **About the Modern Wealth Survey**

The online survey was conducted by Logica Research from February 13, 2019 to February 27, 2019, among 500 Philadelphia area residents aged 21 to 75. The geographical area of the sample is defined by the Philadelphia–Camden–Wilmington 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.

### **About Charles Schwab**

At Charles Schwab, we believe in the power of investing to help individuals create a better tomorrow. We have a history of challenging the status quo in our industry, innovating in ways that benefit investors and the advisors and employers who serve them, and championing our clients' goals with passion and integrity. More information is available at [www.aboutschwab.com](http://www.aboutschwab.com). Follow us on [Twitter](#), [Facebook](#), [YouTube](#) and [LinkedIn](#).

### **Disclosures**

Through its operating subsidiaries, The Charles Schwab Corporation (NYSE: SCHW) provides a full range of securities brokerage, banking, money management and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member [SIPC](#), [www.sipc.org](http://www.sipc.org)), and affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; compliance and trade monitoring solutions; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through Schwab Advisor Services. Its banking subsidiary, Charles Schwab Bank (member FDIC and an Equal Housing Lender), provides banking and lending services and products. Logica Research is not affiliated with the Charles Schwab Corporation or its affiliates. More information is available at [www.schwab.com](http://www.schwab.com) and [www.aboutschwab.com](http://www.aboutschwab.com).

**Investment Products: Not FDIC Insured ▪ No Bank Guarantee ▪ May Lose Value.**

(0519-9SCM)

###