The Modern Wealth Study is an online study conducted for Charles Schwab by Logica Research. Logica Research is neither affiliated with, nor employed by, Charles Schwab & Co., Inc.

The online study was conducted from February 1st to February 16th, 2021 among a national sample of Americans aged 21 to 75.

- 1,000 adults completed the study
  - 1,000 adults nationally representative of the U.S. population
  - Adults had to be 21 to 75 years old to qualify

- Generational definitions
  - Gen Z: 1997-1999 (21-23)
  - Gen X: 1965-1980 (40-55)
  - Boomers: 1946-1964 (56-74)
  - Matures: 1945 (75)
Ready to Reset the ’20s
A majority of Americans feel optimistic about the U.S. economy and the stock market

Q.6: How are you feeling about each of the following for 2021? (Base: Total= 1,000)

- U.S. tech innovation: 74%
- U.S. stock market: 61%
- U.S. healthcare system: 56%
- U.S. as a global economic power: 56%
- U.S. economy: 54%
- U.S. job market: 54%
Half are looking to get back to living and spending the same way as before COVID-19, and almost a quarter are eager to make up for lost time.

Q.13: Once we emerge from the COVID-19 pandemic, which of the following best describes your attitude toward your lifestyle? (Base: Total = 1,000)

- Will go back to living and spending the same as before COVID-19: 47%
- Will live a quieter life and save more money than before COVID-19: 29%
- Will make up for lost time and splurge more than before COVID-19: 24%
Americans are dreaming most about traveling and socializing with many planning to splurge on a vacation, a fancy restaurant or hosting a party.

Q.11: What have you been dreaming you will do as soon as the COVID-19 pandemic restrictions are fully lifted?
Q.12: Once the COVID-19 pandemic is under control and society opens up again, what is the first thing you will splurge on?

(Base: Total = 1,000)

Dreaming about doing after restrictions fully lifted
- **40%** Travel
- **30%** Socializing
- **17%** Back to normal
- **8%** Financial

First thing will splurge on after society opens up again
- **24%** Jet off for a vacation
- **21%** Meal at fancy/trendy restaurant
- **15%** Host a party
- **13%** Tickets for live performance
- **7%** Self-care
- **5%** Other

©2020 Charles Schwab & Co., Inc. ("Schwab"). All rights reserved. Member SIPC.
Most Americans were savers in 2020 and even more plan on being bigger savers rather than spenders in 2021

Q.18: In 2020, were you more of a saver or a spender?
Q.19: And in 2021, do you plan on being more or a saver or a spender?
Q.17: Which of the following financial activities will you do after the COVID-19 pandemic has subsided?
(Base: Total= 1,000)

- 64% were savers in 2020
- 80% plan to be savers in 2021
- 45% plan to save more in general
- 34% plan to reduce total debt
- 28% plan to build emergency fund

©2020 Charles Schwab & Co., Inc. (“Schwab”). All rights reserved. Member SIPC.
Americans are taking a measured approach to investing: almost half are investing to increase savings in case of an emergency and the majority consider their emotional and financial risk tolerance.

**Top reasons for investing**

1. **Increase savings in case of an emergency** - 48%
2. **Save for retirement** - 43%
3. **Provide additional income** - 39%

Q.23: Which of the following are the main 3 reasons you invest. Top 3 mentions. (Base: Total = 1,000)

Q.37: Which of the following best describes how you assess risk factors when you’re deciding how to invest? (Base: Those who invest = 476)
Recalibrating Priorities, Redefining Wealth
More than half of Americans were financially impacted by COVID-19 in 2020

Q.41: Which of the following, if any, have you or a close family member experienced due to COVID-19? (Base: Total = 1,000)

- Yes: 53%
  - Finances negatively impacted: 31%
  - Salary cut or reduced hours: 26%
  - Laid off or furloughed: 20%

- No: 47%
More than two-thirds of Americans have reprioritized what matters most, with their mental health becoming more important than it was pre-pandemic.

Q.8: Have your lifestyle priorities changed due to COVID-19? (Base: Total = 1,000)
Q.9: Which of the following priorities are more important now than they were before COVID-19? (Base: Those who changed priorities = 678)
While refocusing their priorities, Americans have also revised their perspective on what it takes to be wealthy. It takes $1.9M to be wealthy, more than double the national average, but down from 2020.

Q.2: At what level of personal net worth would you say a person in your area could be considered wealthy? (Base: Total = 1,000)

* Federal Reserve’s Survey of Consumer Finances released in 2020
** Schwab Modern Wealth 2020 Survey fielded in January 2020 before the pandemic outbreak
Americans lowered the bar for what it takes to achieve “financial happiness” and to be “financially comfortable” in 2021

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be wealthy</td>
<td>$2.6M</td>
<td>$1.9M</td>
</tr>
<tr>
<td>Needed for financial happiness</td>
<td>$1.75M</td>
<td>$1.1M</td>
</tr>
<tr>
<td>To be financially comfortable</td>
<td>$934K</td>
<td>$624K</td>
</tr>
</tbody>
</table>

Q.2: At what level of personal net worth would you say a person in your area could be considered wealthy?
Q.5: At what level of personal net worth would you consider yourself financially happy?
Q.1: At what level of personal net worth would you say a person in your area could be considered financially comfortable?

(Base: Total = 1,000)
Planning for the Future
One third of Americans have a written financial plan

Approach to financial planning

Planners

33%

Have determined financial plan with financial goals and plan is in writing

Non-Planners

67%

No written financial plan

42%

Thought a bit about financial goals but no formal written plan

25%

No financial plan of any kind

Q.32: Which of the following best describes your approach to financial planning?
(Base: Total = 1,000)
Over half of Americans who have a written financial plan feel “very confident” about reaching their financial goals, while only 18 percent of those without a plan feel the same level of certainty.

<table>
<thead>
<tr>
<th>Confidence ability to reach financial goals</th>
<th>Planners</th>
<th>Non-Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very confident</td>
<td>30%</td>
<td>54%</td>
</tr>
<tr>
<td>Somewhat confident</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>Not confident</td>
<td>23%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Q.40: How confident are you that you will reach your financial goals? (Base: Total = 1,000; Have a written financial plan = 332; Don’t have a written financial plan = 668)
Americans with a written financial plan maintain healthier money habits when it comes to saving and investing.

- Regularly rebalance portfolio: 63% of planners vs. 87% of non-planners
- Consider risk tolerance when investing: 51% of planners vs. 80% of non-planners
- Aware of fees and investment costs: 45% of planners vs. 71% of non-planners
- Feel financially stable: 40% of planners vs. 65% of non-planners
- Have a 3 months emergency fund: 33% of planners vs. 65% of non-planners
- Never carry a credit card balance, make payments on time or have no debt: 29% of planners vs. 47% of non-planners

(Base: Have a written financial plan = 332; Don’t have a written financial plan = 668)

Q.37: Which of the following best describes how you assess risk factors when you’re deciding how to invest?
Q.38: Are you aware of the fees and costs of your investments?
Q.39: Have you rebalanced your portfolio for your investment or retirement account in the past 12 months?
Q.35: Which of the following best describes how you manage your debt?
Q.36: When it comes to your portfolio, which of the following asset classes do you invest in?
The main reason Americans don’t have a financial plan is because they think they do not have enough money to merit a formal plan.

Q.33: Why don’t you currently have a written financial plan? (Base: Don’t have a written financial plan = 668)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don’t have enough money to need plan</td>
<td>42%</td>
</tr>
<tr>
<td>Seems too complicated to create a plan</td>
<td>22%</td>
</tr>
<tr>
<td>Don’t have enough time to develop one</td>
<td>19%</td>
</tr>
<tr>
<td>Haven’t had a major life event that meant I required a plan</td>
<td>17%</td>
</tr>
<tr>
<td>Probably too expensive to get help creating a plan</td>
<td>16%</td>
</tr>
</tbody>
</table>
Appendix
Demographic Snapshot

Gender

- Male: 55%
- Female: 45%

Generations

- Gen Z: 9%
- Millennials: 33%
- Gen X: 31%
- Boomers: 27%

HH income

- Mean: $70K
- Median: $55K

Investable assets

- Mean: $280K
- Median: $37.5K

Employment

- Working full-time: 47%
- Working part-time: 14%
- Retired: 17%
- Other: 22%
The information provided here is for general informational purposes only and should not be considered an individualized recommendation or personalized investment advice. The investment strategies mentioned here may not be suitable for everyone. Each investor needs to review an investment strategy for his or her own particular situation before making any investment decision.

All expressions of opinion are subject to change without notice in reaction to shifting market conditions. Data contained herein from third-party providers is obtained from what are considered reliable sources. However, its accuracy, completeness or reliability cannot be guaranteed.

Examples provided are for illustrative purposes only and not intended to be reflective of results you can expect to achieve.

This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice. Where specific advice is necessary or appropriate, please consult with a qualified tax advisor, CPA, financial planner or investment manager.

Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors.

Municipals and tax-exempt bonds are not necessarily a suitable investment for all persons. Information related to a security's tax-exempt status (federal and in-state) is obtained from third parties and Schwab does not guarantee its accuracy. Tax-exempt income may be subject to the alternative minimum tax (AMT). Capital appreciation from bond funds and discounted bonds may be subject to state or local taxes. Capital gains are not exempt from federal income tax.

Diversification strategies do not ensure a profit and do not protect against losses in declining markets.

International investments involve additional risks, which include differences in financial accounting standards, currency fluctuations, geopolitical risk, foreign taxes and regulations, and the potential for illiquid markets. Investing in emerging markets may accentuate these risks.

(0521-1MZL)