News Release

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SCHWAB SURVEY EXAMINES COMMON MONEY MYTHS, SHEDS LIGHT ON AMERICANS' FINANCIAL ACUMEN AND ENGAGEMENT

SAN FRANCISCO, April 8, 2014 — Charles Schwab & Co., Inc. today released the results of its "Money Myths" survey of Americans age 30-79, which revealed many common money misconceptions as well as a prevailing sense of overconfidence and unfounded optimism about planning for finances after the age of 50.

While a majority of survey respondents (52 percent) identified themselves as very or extremely savvy about personal finance, this population was more likely to agree with a number of money misconceptions, indicating a possible gap in their financial knowledge. The study also showed that while three out of four Americans (76 percent) believe it is harder to plan for retirement now than it was for their parents' generation, they may be overly optimistic about their financial options in the future. For instance, 39 percent of survey respondents who are still in the workforce expect to receive income from a part-time job in retirement, yet only four percent of current retirees actually do so.

"People want to make good decisions about money and many believe they're on the right track with their finances, but often they just don't know what they don't know. These blind spots can lead to missteps that can undermine the best-laid plans," said Carrie Schwab-Pomerantz, CFP, senior vice president, Charles Schwab & Co., Inc.

In her new book *The Charles Schwab Guide to Finances After Fifty: Answers to Your Most Important Money Questions* (Crown Business: April 2014), Schwab-Pomerantz provides critical money management tips and advice for people approaching and over 50.

Understanding Today's Common Money Myths

The survey revealed that many Americans operate under money misconceptions, indicating more guidance is needed for important financial decision-making:

Money Misconception	Respondents Who Agree	The Reality
A will is the best way to ensure that your property will be distributed the way you want.	91%	Although a will is essential, it may not be sufficient. If there is a discrepancy between the beneficiaries named on your financial accounts with those named in your will, the beneficiary designations on your financial accounts will prevail.
It's important to eliminate all debt by the time you retire.	88%	Not necessarily. It depends on the type of debt as well as your individual circumstances and tax situation. There is "good debt" and "bad debt." Good debt = lower interest, deductible debt like a mortgage loan. Bad debt = high-interest, non-deductible consumer debt like credit cards.
After you retire, you can always get another job if you need more money	79%	Competition in the job market, corporate downsizing or personal health issues may make

		this more challenging than expected.
Every adult should have life insurance.	78%	Life insurance isn't for everyone. Among those who most likely need it: People with minor children or who are supporting other dependents and small business owners. But if you don't have dependents, life insurance may be a waste of money.
You should start taking Social Security as soon as you're eligible.	52%	In general, most people leave money on the table because they file too early. File early and you'll receive a smaller monthly payment for life. File later (generally up to age 70) and you'll receive a larger payment. To make the best personal decision, it's essential to crunch the numbers.
You should purchase long-term-care insurance when you're in your 40s or younger.	49%	The optimal time to consider long-term care insurance is between ages 50-65 if you're in good health. In your 40s (or younger), your annual premium may be lower, but you'll be paying over a much longer period of time.
Retirees shouldn't have their money in the stock market	38%	Stocks are an important part of most portfolios. It is often appropriate to gradually decrease the percentage of stocks as you get older, but a diversified selection of individual stocks, or stock mutual funds or ETFs provides the best protection against inflation over the years.
If you need cash while you're still working, a 401(k) plan is a good place to turn for a loan or a withdrawal.	33%	Although there are certain emergency situations that might warrant a loan from a 401(k), this should generally be considered a last resort. Taking money out of the plan can derail your retirement savings in multiple ways.
By the time you're 50, it's too late to make a difference in your financial future.	24%	It's not too late! You can have 15-20+ years of saving ahead of you, and the catch-up provisions in the tax code can help. More than one in three working Americans (34 percent) don't plan on retiring until after age 70.

The Importance of Family Finances

Over the last 50 years, the financial world has changed dramatically. Increased life expectancy, the continued demise of the pension plan and the prospect of rising healthcare costs require Americans to work longer and save more.

Despite a more challenging retirement landscape, nearly one in three survey respondents indicated that they do not seek input from anyone when making financial decisions. Similarly, 43 percent believe that it's better for one adult in a household to have primary responsibility for the family's financial planning and decision-making, as opposed to sharing the responsibility across the household, and one in five (20 percent) say they don't need to worry about the household finances because they are handled by someone else. Of note, more than twice as many women (13 percent) as men (5 percent) say they are not the financial decision-maker in their household.

"It's so important for both adults in a household to be involved in the important money management decisions," said Schwab-Pomerantz. "In far too many marriages, one spouse shoulders the primary responsibility and the other spouse has minimal involvement. In the event of death or divorce, the ramifications of this can be devastating."

About the Survey

The Money Myths survey was conducted by independent research firm Lieberman Research Worldwide on behalf of Charles Schwab in January 2014. The nationally-representative online survey polled 998 respondents ages 30-79 with an annual household income of at least $35,000. The survey has a margin of error of plus or minus 3.1 percentage points at the 95 percent confidence level.

About Charles Schwab

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More information is available at www.aboutschwab.com.

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