

Economy

Switching 9 to 5s

09 September 2026

Key takeaways

- Job-switching pay premiums have risen to their highest level in more than three years, indicating employers may be willing to pay for workers with specific skills, according to Bank of America deposit account data. Gen Z continue to benefit the most from changing jobs, while workers paid by the hour are also making particularly large gains from switching.
- Women's lead in wage gains from job changes has narrowed as men's switching premiums have accelerated faster, returning the gap to roughly 2018 levels. Meanwhile, pay disruption rates have fallen and converged across genders, although men's higher overall pay levels mean broader earnings gaps remain.
- AI adoption is not yet translating into broad-based labor displacement, according to BofA Global Research. Job switching remains resilient, and industries with the highest AI usage do not yet show consistently weaker labor demand. If that changes, younger workers and women look most exposed.

Pay increase associated with a job change hits highest rate since 2023

The broader US labor market momentum picked up in August (read more on this in [the August Institute Employment Report](#)), and Bank of America data suggests worker mobility may be showing early signs of improvement. In July, increases in pay associated with a job change reached their highest rate in over three years, according to Bank of America account data (Exhibit 1). Importantly, the annual average for these pay premiums has inched upwards after consistent yearly declines.

While job-switching pay premiums have improved in recent months, they remain below pre-pandemic levels. This suggests today's labor market differs from both the Great Resignation period in 2022 and the tighter labor markets of the late 2010s.

Exhibit 1: In July, the pay increase associated with a job change reached the highest rate in over three years

After-tax pay change associated with a job change (% , three-month moving average, monthly, annual average)



Source: Bank of America internal data

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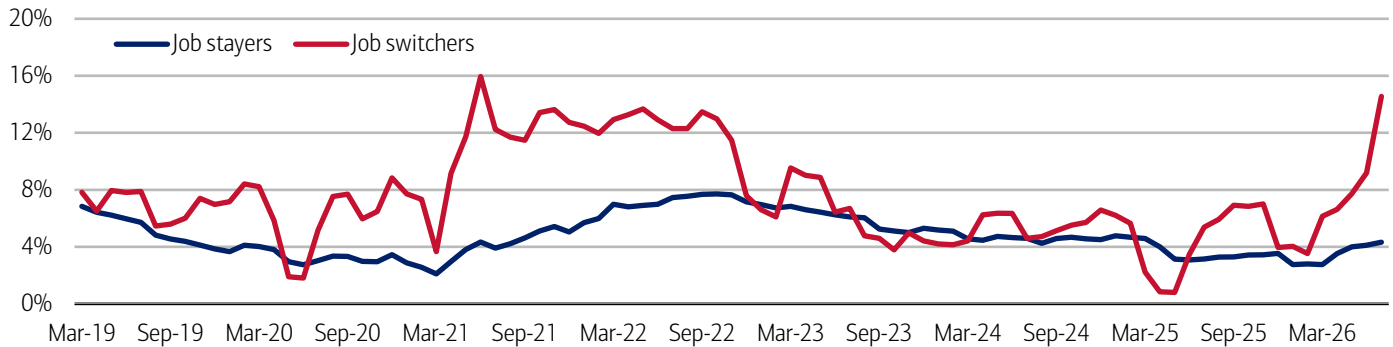
Jobs with weekly paychecks see accelerated pay bumps for job switchers

The premium for switching jobs is most notable among workers with weekly paychecks, though this could also be reflective of increased overtime (Exhibit 2). Bureau of Labor Statistics (BLS) employer payroll data indicates that weekly pay schedules are disproportionately concentrated in industries with large hourly workforces and variable hours, particularly construction, leisure and hospitality, transportation and warehousing, and portions of retail trade. These jobs often skew lower income. In contrast, professional, financial, and other predominantly salaried industries are more likely to use biweekly or semi-monthly payroll schedules.

This acceleration among workers paid weekly provides further evidence that One Big Beautiful Bill Act-related changes to overtime hours and tax withholdings could be fueling lower-income wage growth and narrowing differences in spending growth across income groups (read more on this in [August's Consumer Checkpoint](#)).

Exhibit 2: For workers with a weekly paycheck who switched jobs, their change in pay was almost 4x that of those who stayed in their job in July

After-tax pay change for workers with weekly paychecks by type (monthly, three-month moving average, %)



Source: Bank of America internal data

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Gen Z job change rate outpaces other generations

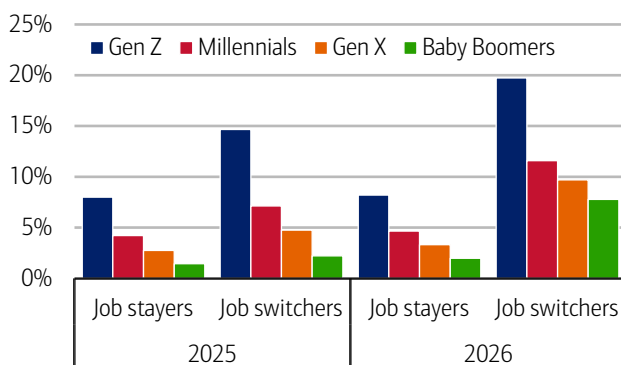
Looking across generations, Gen Z have continued to see the greatest pay bumps from switching roles, some of which may reflect where they are positioned in the wage distribution (Exhibit 3). Younger workers generally begin their careers at lower wage levels, creating more opportunities for substantial percentage increases when they switch jobs. As a result, job changes can generate larger proportional pay gains than those typically experienced by older workers.

Encouragingly, the rate at which Gen Z change jobs has grown and accelerated year-over-year (YoY) since February, surpassing all other generations for the first time since 2021 (Exhibit 4). This uptick is particularly noteworthy because it comes at a time when many broader labor market indicators suggest slower hiring.

Gen Z's willingness to keep changing jobs may indicate that opportunities remain available for early-career workers even as employers become more selective overall. On the other hand, it could also suggest that companies are prioritizing lower-cost entry-level hires over replacing more experienced workers.

Exhibit 3: Gen Z have continued to see the greatest pay change rates from switching jobs

Change in after-tax wages after switching jobs by generation in July (%)

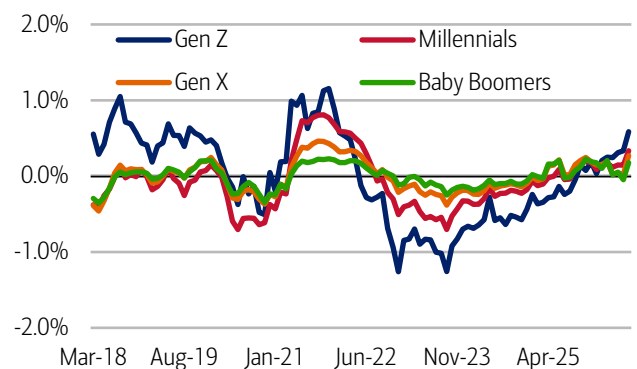


Source: Bank of America internal data

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Exhibit 4: The growth of Gen Z's job change rate has surpassed all other generations for the first time since 2021

Job change rate by generation (percent difference from previous year)



Source: Bank of America internal data

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Women's job-switching premium is growing more slowly than men's

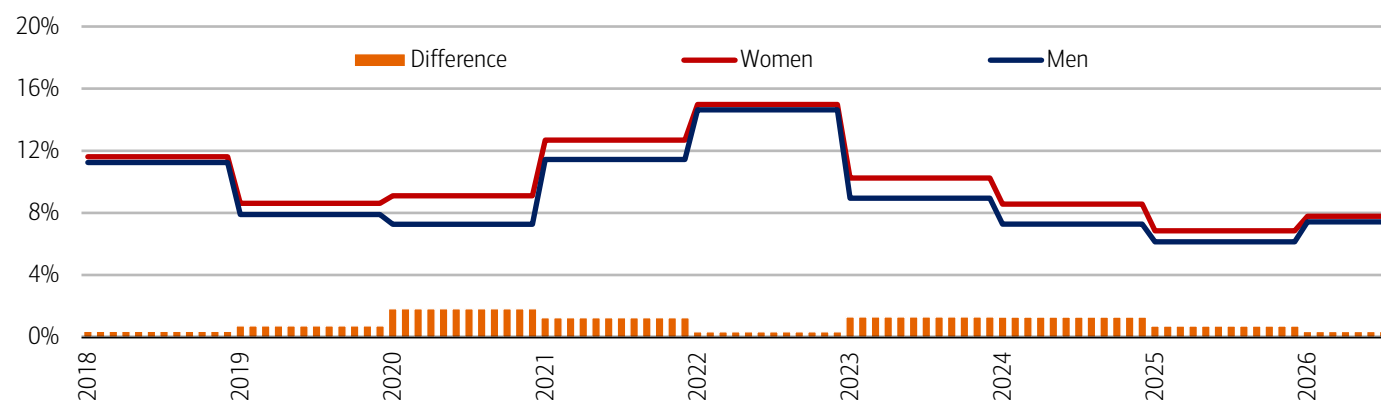
Women are still getting a bigger raise than men when they switch jobs, but the difference between women's and men's pay change from a job change is back to 2018 levels (Exhibit 5). And though women used to change jobs at a faster rate, men's job change rate has edged out women's since 2024, according to Bank of America account data.

In our view, the narrowing difference does not necessarily indicate weaker labor market outcomes for women. Instead, it appears to reflect faster recent acceleration in men's job-switching wage gains. As a result, the job-switching premium has become more similar across genders than it was during much of the post-pandemic period.

However, the shrinking gap here could pose challenges for pay equality because women's *level* of pay often starts from a lower base compared to men's (read more on this in March's [Where are women positioned in a "K-shaped" economy?](#)). Since job switching is often one of the fastest ways workers increase earnings, differences in job-switching premiums can have enduring effects on wage growth over time.

Exhibit 5: The difference between women's and men's pay change from a job change is back to 2018 levels

After-tax pay change from a job change by gender (annual average year-to-date, % difference)



Source: Bank of America internal data

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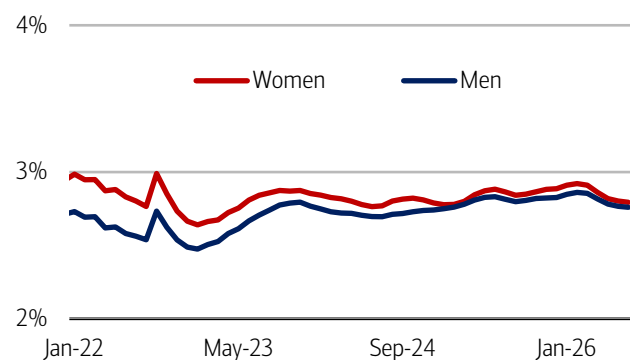
Gender gap in pay disruptions narrows to near record low

Similarly, the gap between women's and men's pay disruption rate – which we view as a proxy for temporary or permanent labor force departures – has narrowed and both rates have moderated since the start of the year (Exhibit 6) (see Methodology - Pay Disruption Rate). The labor market has become more equal on this measure, but not because women's disruption rates have fallen dramatically. Rather, men's disruption rates have increasingly resembled women's.

Interestingly, this is against the backdrop of fewer men in the labor force. Since January, data from the BLS indicates men's growth in the civilian labor force aged 25-54 has fallen, whereas women's has continued to increase (Exhibit 7).

Exhibit 6: The pay disruption rate for both men and women has fallen over the past few months

Pay disruption rate by gender (% , seasonally adjusted)

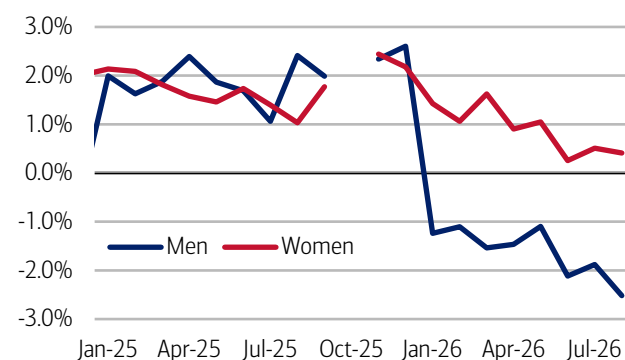


Source: Bank of America internal data

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Exhibit 7: Men's growth in the civilian labor force aged 25-54 has fallen since January

Civilian labor force aged 25-54 years by gender (seasonally adjusted, YoY%, monthly)



Source: Haver Analytics

Note: October data was not available as the BLS did not publish.

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AI anxiety is not yet evident in job change rate

Job-switching behavior may be an important early indicator because labor market adjustments often show up in mobility before employment. If firms become more cautious about hiring in the wake of AI adoption, workers may first become less willing or less able to switch jobs before broader effects emerge in payroll or unemployment data.

So, the fact that we're seeing an increase in job switching is a sign of a somewhat tight labor market despite overall payrolls slowing.

Information and finance/insurance show early signs of AI labor demand impact

Using a measure of AI usage from the Census Bureau's Business Trend and Outlook Survey (BTOS), which asks respondents if they've used AI in the last two weeks for any business function, BofA Global Research found two industries worth watching: information as well as finance and insurance. Both have high AI usage and have seen labor demand decline over the five-month period ending in June (Exhibit 8).

However, the lack of a clear relationship in the overall picture suggests AI adoption is not yet translating into broad-based labor displacement. In many industries, businesses may still be experimenting with AI tools or using them to augment workers rather than replace them.

Exhibit 8: At this time, there is not a clear relationship between AI usage levels and growth in labor demand overall

AI usage levels versus labor demand through June

	AI usage level (June 2026)	Job openings + employment (% change June 26 versus Jan 26)
Information	42.1	-1.90%
Professional scientific tech services	37.7	1.20%
Finance and insurance	34.8	-1.10%
Education services	34.6	0.00%
Real estate and rental and leasing	26.3	1.10%
Health care and social assistance	23	0.80%
Arts entertainment recreation	20	1.10%
Wholesale trade	18.1	0.10%
Manufacturing	17.9	0.00%
Retail trade	15.7	0.80%
Construction	12.3	0.90%
Other services	10.5	0.30%
Transportation and warehousing	9.7	1.30%
Accommodation and food services	8.2	-2.10%

Source: BofA Global Research, BLS, Census Bureau

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Women and younger workers face the greatest AI-related labor market risks

Although there is no firm AI impact yet, women are more exposed to AI than men, largely because they are overrepresented in administrative roles with routine, language-based tasks well suited to generative AI automation or augmentation, according to the International Labor Organization (read more on this in May's [Adaptability is the new job security: AI and the future of work](#)). BLS forecasts confirm this – demand is expected to be limited for occupations such as procurement clerks; legal secretaries and administrative assistants; and customer service representatives.

And specifically in AI-related roles, women made up just over a quarter of new hires in the US last year — compared with half of new hires in non-AI occupations — according to data from a LinkedIn study.¹ This suggests that women could be more susceptible to the possible negative impact of AI on jobs in more ways than one.

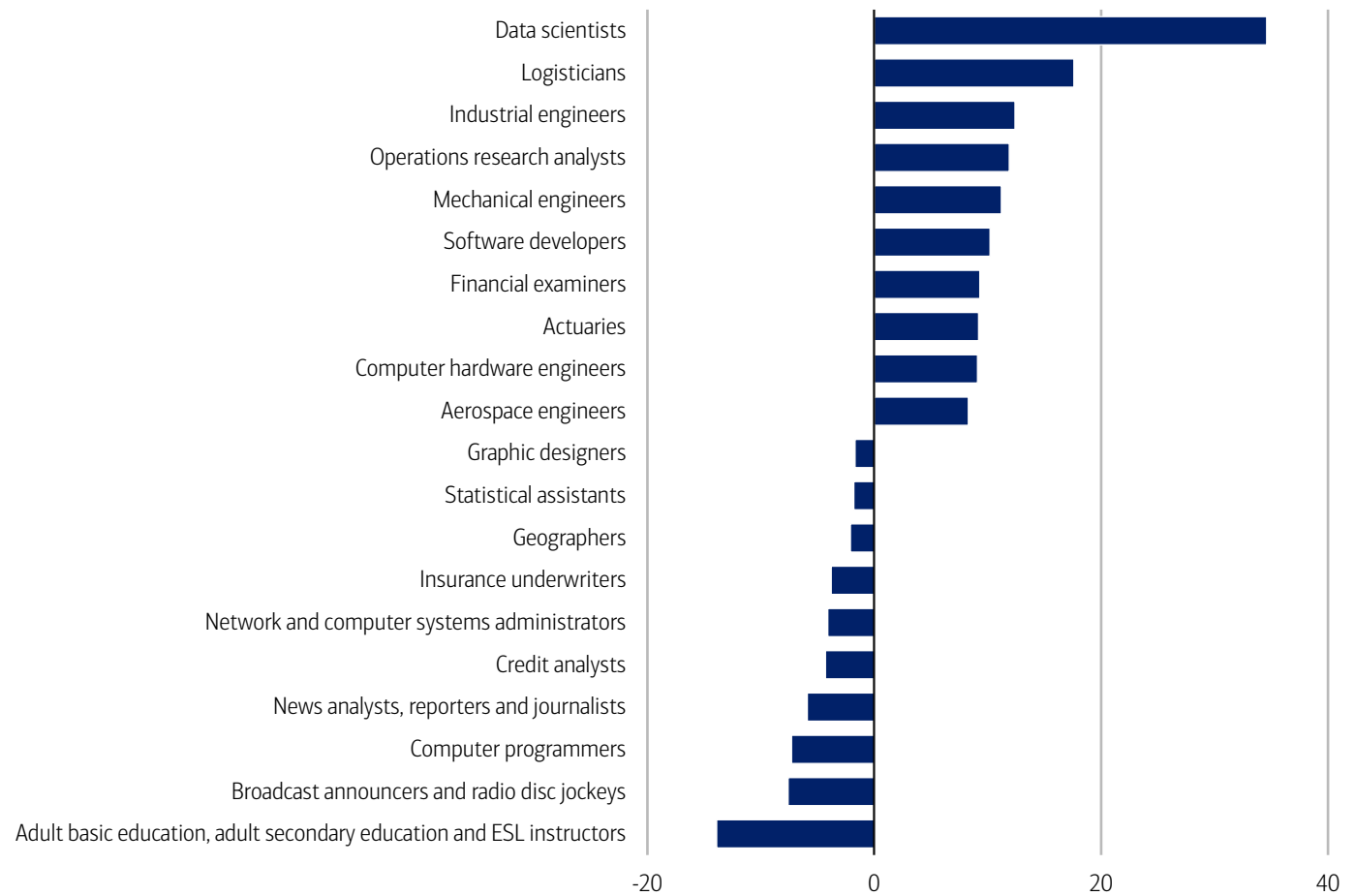
Younger workers also look potentially exposed because they are more likely to hold roles with automatable tasks and where AI adoption is occurring more rapidly (read more on Gen Z's labor market position in August's [Gen Z reality check](#)). Still, certain roles with very high AI exposure² for recent graduates are expected to have strong growth over the next ten years, according to BLS employment occupation projections (Exhibit 9).

¹ LinkedIn. (Aug 18, 2026). *New LinkedIn Research Finds Women Account for Just 26% of AI Hires as AI Jobs Surge*. LinkedIn.

² AI exposure indicates potential task transformation – not job loss.

Exhibit 9: Of those occupations with very high AI exposure* that require a bachelor's degree but no prior experience, data scientists have the strongest employment projection

2025-2035 select employment projections for occupations with very high AI exposure that require a bachelor's degree with no work experience in a related occupation (%)



Source: Bureau of Labor Statistics

*AI exposure indicates potential task transformation – not job loss.

Note: English as a second language (ESL).

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Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Bank of America credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards is excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

If applicable, the consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level.

If applicable, any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Any reference to aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash and checks.

Median annual income growth is derived from customers who have a valid income value for every month over the time period and who have a non-null gender code. Gender data is self-select.

The Pay Disruption Rate is defined as the proportion of customers who previously had 12 months of regular payroll payments into their accounts, followed by at least 3 and up to 6 months of no payments, relative to the total number of customers with 12 consecutive months of payroll.

The job-to-job change rate (j2j rate) is defined as the proportion of customers with an identified change in their employer as a proportion of the total number of customers with employment income. We estimate the median pay rise associated with a j2j change using the pay in the first three months of the new job compared to the same three months a year ago who have a non-null gender code.

Generations, if discussed, are defined as follows: Gen Z, born after 1995; Younger Millennials: born between 1989-1995; Older Millennials: born between 1978-1988; Gen Xers: born between 1965-1977; Baby Boomer: 1946-1964; Traditionalists: pre-1946.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

Additional information about the methodology used to aggregate the data is available upon request.

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