Economy

Should I stay or should I go? The pay tradeoff

21 May 2026

Key takeaways

- Bank of America internal deposit data suggests the labor market may be gradually improving. Payroll growth has picked up and job switching has edged higher, signaling some recovery in Q1 2026. While job mobility remains below pre-pandemic levels, it still pays to switch companies, with after-tax wage growth remaining higher than for those who stay put.
- Notably though, overall, more than 40% of workers are seeing flat or declining pay after taxes and benefits, suggesting some ongoing financial strain through Q1 2026. This dynamic is fairly similar to previous years and across income cohorts, suggesting some level of stability. However, there is one difference across income groups: the top 5% of earners are rewarded far more for their loyalty than any other groups, according to Bank of America internal deposit data.
- Finally, it still pays to switch companies when you're young. Millennials who moved to another company saw after-tax wages grow twice as fast compared to those who stood still, while the rate of earnings growth increased fourfold for Gen Z. Still, this rate has slowed some in the past four years alongside the broader labor market slowdown.

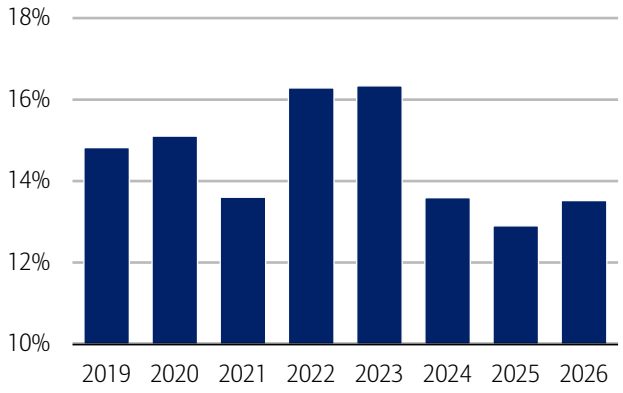
Job switching has increased slightly in the past year – and still pays

Bank of America internal data shows several signs of a potential labor market recovery. For one, year-over-year (YoY) payrolls growth has seen steady improvement over the past several months (read more in The Institute Employment Report: April 2026).

Additionally, the share of employees switching jobs (defined here as changing companies as opposed to internal moves) rose to 13.5% in Q1 2026 from 12.9% seen in Q1 of last year. Notably though, the share remained below the peak seen in the "Great Resignation" period between 2022 and 2023 and pre-pandemic levels (Exhibit 1).

While it still pays to switch jobs – the gap in wage growth with job stayers is the smallest in the past seven years (Exhibit 2). Job switchers saw their after-tax and benefit wages grow 8% YoY in Q1 2026, compared to the 5% YoY seen by those who remained at the same firm. By contrast, in 2022, job switchers saw their pay increase nearly 18% YoY, compared to the 7% YoY increase for job stayers.

Exhibit 1: The share of job switchers has improved over the past year, but remains below the peaks seen in 2022 and 2023
Share of total consumers with a steady paycheck who switched employers (Q1 of every year, %)



Source: Bank of America internal data

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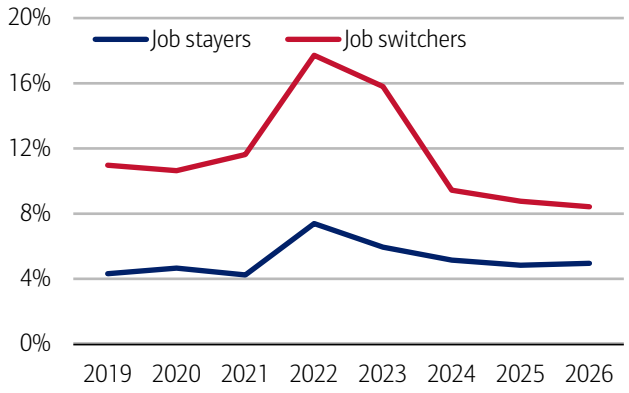
Exhibit 2: The job switching pay premium is at the lowest point in the past seven years
Median after-tax wage growth for those with stayed with their employer versus those who changed employers (Q1 of every year, YoY%)



Source: Bank of America internal data

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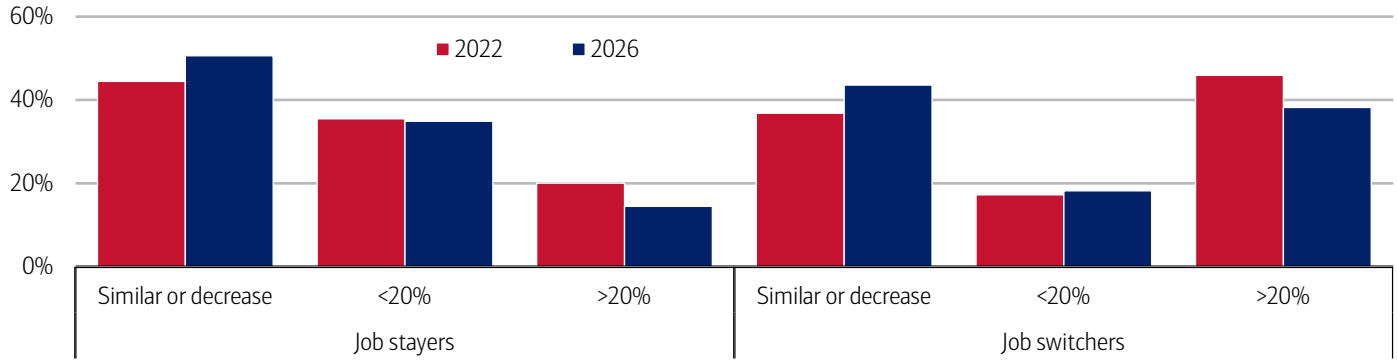
Overall wage growth masks some financial stress across income cohorts

But masked in these aggregate numbers, Bank of America internal deposit data suggests that many people aren't getting much of a raise at all. In fact, slightly over half of those who stayed in their job (and 44% of those who switched jobs) saw no pay increase YoY or even a decrease in Q1 2026 (Exhibit 3). For those workers seeing no increase, financial stress could be rising as they will have a smaller buffer to offset higher prices (read more in Consumer Checkpoint: April showers).

Why might some people get less pay? For one, some people may have lost their jobs. Perhaps others wanted less responsibility, needed to work fewer hours or sought other perks like remote work. And in our view, it's also possible that even if workers' total pay didn't decrease, rising benefit costs (e.g., insurance) may have taken a bite out of their earnings.

Notably, more people saw flat or declining after-tax wages when compared to the strong employment period between 2022 and 2023. However, the share of people getting no pay increases has not deteriorated compared to the prior two years and pre-pandemic levels, suggesting to us that the recent uptick in job switchers is not a clear sign of labor market stress and involuntary switches. Additionally, these shares of pay changes are fairly even across all income cohorts.

Exhibit 3: Over 40% of consumers saw flat pay growth or a decrease in pay in Q1 2026
Share of job stayers and job switchers by scale of median pay increase or decrease (Q1 of 2022 versus 2026, YoY%)



Source: Bank of America internal data

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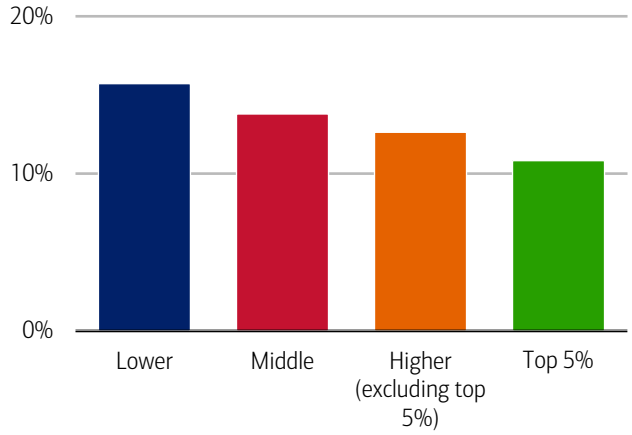
For top earners, loyalty pays

Looking across the income distribution, lower-income households were more likely to change jobs in Q1 2026 (Exhibit 4): 16% of lower-income employees switched jobs, while only 13% of higher-income employees made a switch. Not only have higher earners been more likely to stay put, this group also had the largest decline in the share of job switchers in the past four years, especially those in the top 5% by income (Exhibit 5).

Exhibit 4: Lower-income consumers have a bigger share of job switchers compared to higher-income groups
Share of total consumers with a steady paycheck who switched employers by household income group (Q1 of every year, %)



Source: Bank of America internal data

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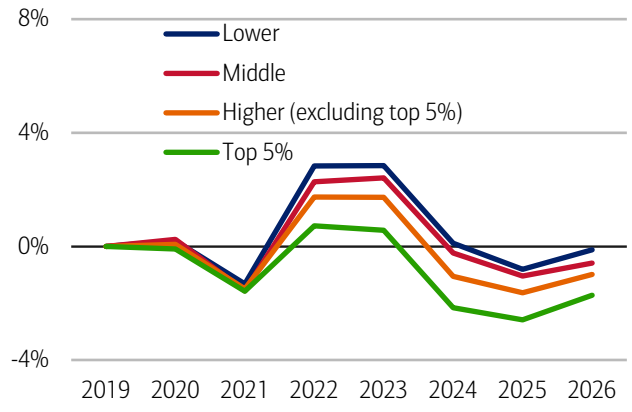
Exhibit 5: Consumers in the top 5% saw a larger decline in the share of job switchers since 2019, compared to lower-income groups
Change in the share of total consumers with a steady paycheck who switched employers by household income group (Q1 of every year, % difference)



Source: Bank of America internal data

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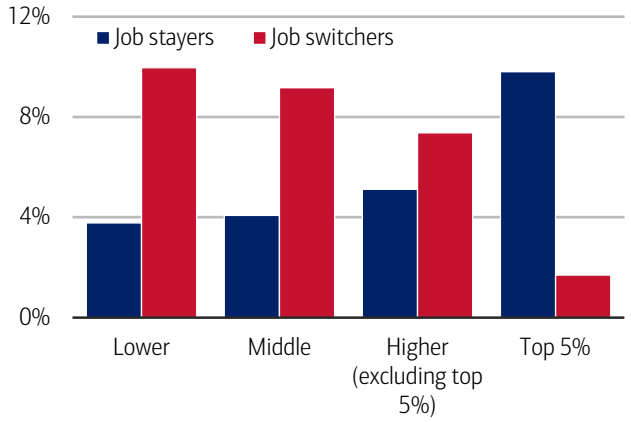
Why are higher earners less likely to change companies? For this group, it appears that loyalty pays: in Q1 2026, those in the top 5% by income were the only group where job stayers saw stronger wage growth than job switchers (Exhibit 6). In fact, the pay premium for switching jobs has declined the most for higher-income households, especially those in the top 5% over the past four years (Exhibit 7).

In our view, it's possible some of this may also be a function of the broader labor market slowdown for higher-paying industries (finance, information/tech, professional business services). For example, those who lost their jobs may have to settle for less in a tighter job market, while those who remained are now seeing larger pay rises. It could also be that in a "low-hire, low-fire" environment, companies feel they have less reason to pay a premium to job switchers.

Exhibit 6: Workers with the highest wages who stayed in their jobs got much larger pay increases than those who switched jobs
Median after-tax wage growth for those with stayed with their employer versus those who changed employers by income group (Q1 2026, YoY%)



Source: Bank of America internal data

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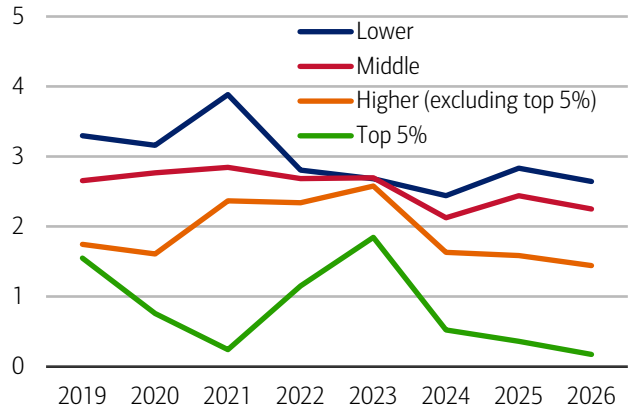
Exhibit 7: The pay premium for job switching has declined the most for the top 5%
Ratio of median wage increases for job switchers compared to job stayers by household income groups (Q1 for every year, ratio)



Source: Bank of America internal data

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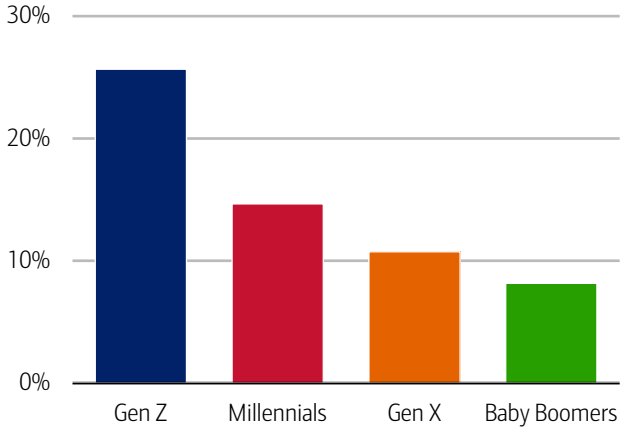
Gen Z are big winners when it comes to job switching

Looking across age groups, Gen Z have the highest rate of job switching, with over one in four changing companies in Q1 2026 (Exhibit 8). This is more than 10 percentage points higher than Millennials and more than three times the rate of Baby Boomers.

But, Gen Z have also seen the largest decline in the rate of job switching over the past four years, possibly as more of this generation is starting to settle into their careers (Exhibit 9). Furthermore, Gen Z continued to see a decline in the rate of job switching into Q1 2026, while all other generations saw a slight increase.

Exhibit 8: The share of Gen Z who switch companies is over twice as large as it is for Gen X...
Share of total consumers with a steady paycheck who switched employers by generation (Q1 of every year, %)



Source: Bank of America internal data

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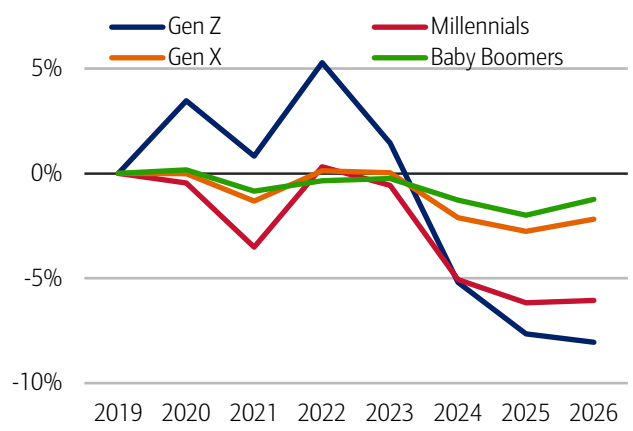
Exhibit 9: ...though they have seen the largest decline in the share of job switchers over the past four years
Change in the share of total consumers with a steady paycheck who switched employers by generation (Q1 of every year, % difference)



Source: Bank of America internal data

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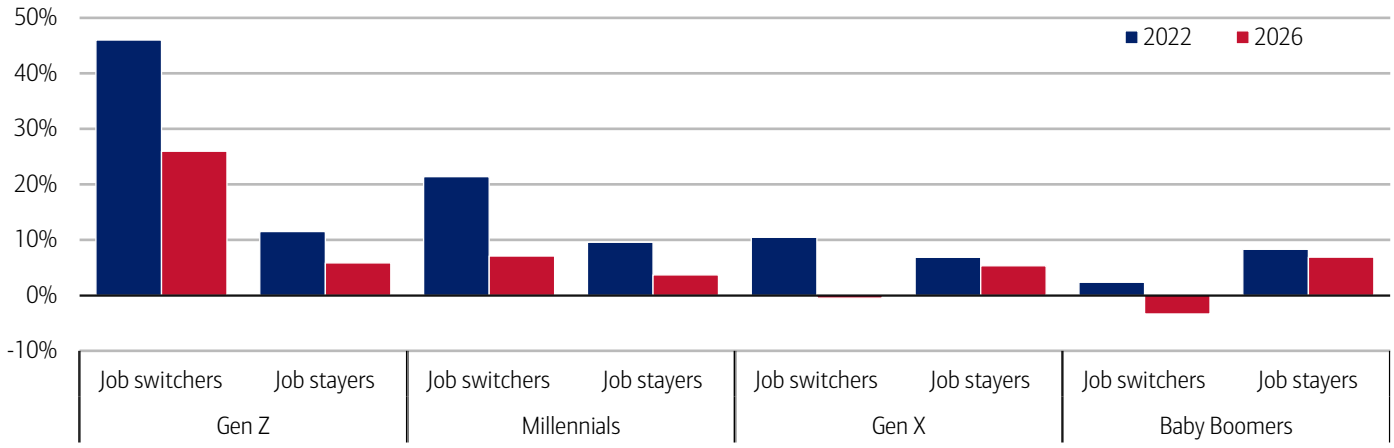
But job switching is still paying off for younger generations. Millennials who changed jobs saw their earnings increase at nearly twice the rate of those who stayed put, while Gen Zers that switched jobs experienced over four times the wage growth of stayers (Exhibit 10). Notably though, while the payoff for switching is still strong, pay increases for Gen Z switchers have declined by 20 percentage points since Q1 2022.

The situation for older generations appears very different. In fact, Gen X and Baby Boomer job switchers saw flat or declining YoY changes in pay in Q1 2026, while workers in those groups who remained in their jobs saw steady pay increases. In our view, some people in this generation may be taking similar or lower earnings as some are choosing to work less hours, perhaps as they approach retirement. It could also be that some have taken lower pay after being laid off or fired.

Exhibit 10: Gen Zers who switched jobs saw much larger wage growth than Gen Zers who stayed in Q1 2022 and 2026
Median after-tax wage growth for those with stayed with their employer versus those who changed employers by generation (Q1 2026, YoY%)



Source: Bank of America internal data

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So, what's next for job switching? If the labor market continues to recover, we might see some increase in the pay premium for switching jobs, especially given the premium is currently lower than it was pre-pandemic. But given the recent slowdown in certain portions of the labor market and potential disruptions from AI, some people may be wary of switching jobs. Combined with a potential supply crunch from slowing immigration, it may mean some companies might have to offer more, especially for highly skilled or already well-paid individuals, to incentivize people to leave.

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.

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

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and generally defined as under $5mm in annual sales revenue.

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

The differences between the total and per household card spending growth rate (if discussed) can be explained by the following reasons:

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.

2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.

3. Overall total card spending includes small business card spending while per household card spending does not.

4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).

5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Any household 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. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Bank of America aggregated 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 are 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.

We consider a measure of services necessity spending that includes but is not limited to childcare, rent, insurance, insurance, public transportation, and tax payments. Discretionary services includes but is not limited to charitable donations, leisure travel, entertainment, and professional/consumer services. Discretionary retail includes but is not limited to general merchandise, miscellaneous, clothing, electronics, furniture. It excludes categories like groceries and gasoline. Holiday spending is defined as items in which spending in the November-December period is usually at least 20% of total annual spending on the category. Value and premium grocers are determined judgmentally on a proprietary analysis of merchants by equity analysts.

Durables spending is defined as spending on electronics, building materials, auto and furniture. Premium durables spending is based on a selection of retailers who are judged to sell relatively higher value products. Conversely, value durables spending is based on a selection of retailers who are judged to sell relatively lower value products.

For analysis looking at higher value transactions (including durables), we consider a value per transaction threshold estimated with reference to the top 30% of transactions by value in 2024. The share of higher value transactions is then the number of transactions above this threshold as a percentage of total transactions over time.

Participant Pulse monitors plan participants' behavior in Bank of America clients' employee benefits programs, which comprise more than 4 million total participants with positive account balances as of March 31, 2026.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

Major grocery categories include sugar and sweets, juices and other non-alcoholic beverages, bakery products, processed fruits and vegetables, fresh fruit and vegetables, coffee and tea, fats and oils, milk, cereal and cereal products, other, cheese, and meats, poultry and fish, Other includes soups, snacks, frozen and freeze-dried prepared foods, and spices, seasonings, and condiments.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1995
2. Younger Millennials: born between 1989-1995
3. Older Millennials: born between 1978-1988
4. Gen Xers: born between 1965-1977
5. Baby Boomer: 1946-1964
6. Traditionalists: pre-1946

When comparing job switchers and job stayers, we are looking at a chained sample, where we compare wages in a fixed sample of people with a consistent paycheck. For each time period – defined here as a one year period from Q1 of one year to the next – the fixed sample is updated. Job switchers are defined as those that received a direct deposit from another company within that time period.

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

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

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Disclosures

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