

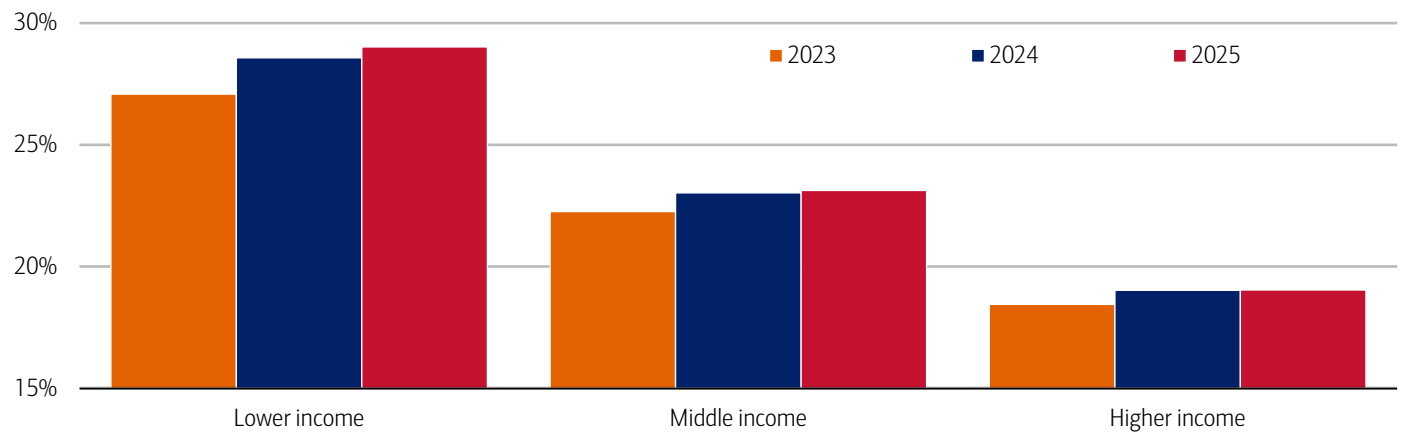
Daily Insights

29% of lower-income households live paycheck to paycheck

10 November 2025

Lower-income households have the highest share and largest increase of households living paycheck to paycheck

Proportion of households where necessity spending is above 95% of their income, by income group (% , yearly)



Source: Bank of America internal data

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In 2025, 29% of lower-income households are living paycheck to paycheck – up from both last year and 2023. Meanwhile, the share of middle- and higher-income households living paycheck to paycheck has barely budged.

Why? Because lower-income households' wage growth has slowed. This cohort saw the strongest gains in 2021-22; however, that momentum has recently declined. At the same time, inflation has reaccelerated, further widening the gap between income and expenses for these households.

For more, read our latest publication: [Paycheck to paycheck: Slowing but growing](#).

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 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.

Generations, if discussed, are defined as follows: Gen Z, born after 1996; Younger Millennials: born between 1989-1995; Older Millennials: born between 1978-1988; Gen Xers: born between 1965-1977; Baby Boomers: 1946-1964; Traditionalists: pre-1946.

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

For our paycheck-to-paycheck analysis we use a sample of households that appears to have their primary banking relationship with Bank of America. We look at households who reside in the United States and have had a checking account for at least the past 12 months. We consider a measure of necessity spending that includes but is not limited to childcare, external credit card payments, gasoline, general retail, grocery, housing (mortgage/rent), insurance, cable TV/broadband, public transportation, tax payments, vehicle costs and payments. We consider spending across payment channels (ACH, credit and debit card, bill pay). Income is defined as regularly recurring payments into accounts, such as payroll, social security, unemployment insurance pensions, and annuity income. Households are defined as living paycheck to paycheck if in the quarter their necessity spending exceeds 95% of their income. Note where individuals in a household bank with different banks it is possible not all of their spending and income could be captured, increasing the uncertainty around paycheck to paycheck estimates.

Bank of America Proprietary Market Landscape Insights Study is an online quantitative survey among Bank of America customers and noncustomers sampled and balanced to provide a representative view of the U.S. adult population. Insights are based on aggregated and anonymized responses to surveys. Significance testing is done at the 90 percent confidence interval.

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

Contributors

Liz Everett Krisberg

Head of Bank of America Institute

David Michael Tinsley

Senior Economist, Bank of America Institute

Disclosures

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