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Daily Insights

Job changers see biggest pay gains since 2023

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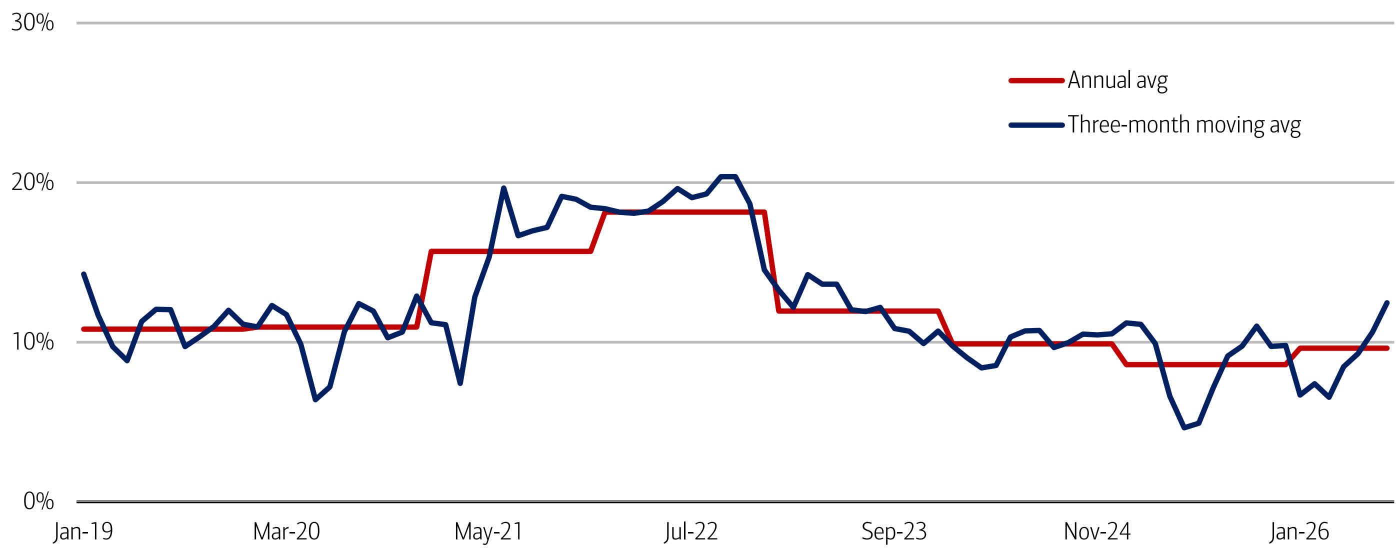
In July, the pay increase associated with a job change reached the highest rate in over three years

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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Job switching is becoming more rewarding again. According to Bank of America account data, pay increases associated with changing jobs reached their highest level in more than three years in July, while the annual average job-switching premium has begun to edge higher after several years of decline.

The biggest benefits continue to accrue to workers with weekly paychecks, who tend to skew lower income. Rising job mobility among these workers may be helping support stronger lower-income wage growth and contributing to the recent narrowing in spending differences across income groups, potentially alongside changes related to the One Big Beautiful Bill Act.

Read more on who else is changing jobs in Switching 9 to 5s.

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.

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.

Contributors

Liz Everett Krisberg

Head of Bank of America Institute

David Michael Tinsley

Senior Economist, Bank of America Institute

Disclosures

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