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3 in 5 Workers Say Pay is Not Keeping Up With Inflation, Up From 55% Last Year

64% saw a pay increase in the past 12 months, but most were less than 5%

NEW YORK - November 29, 2023 - Among employed Americans, 3 in 5 (60%) say their income has not kept up with increases in household expenses due to inflation in the past 12 months, up from 55% last year, according to a new survey from Bankrate. Less than one third (29%) say their pay has kept up with or exceeded inflation this year compared to 33% last year, and 11% say they don't know. Click here for more information:

<https://www.bankrate.com/personal-finance/pay-raise-survey/>

Older workers, lower income earners, and hourly workers are more likely to say their pay has not kept up with inflation. Nearly 3 in 4 baby boomers (73%; ages 59-77) and Gen X workers (72%; ages 43-58) say as such, compared to over half of millennial (53%; ages 27-42) and 44% of Gen Z workers (ages 18-26). Almost two-thirds of those making less than \$50,000 annually (64%) and 66% of those making between \$50,000 - \$79,999 report their pay not keeping up, compared to 56% who make between \$80,000 - \$99,999 and 55% making \$100,000 or more annually. Finally, two thirds of hourly wage earners (66%) compared to 54% of salaried workers say their pay has not kept up with increases in household expenses.

Nearly two thirds of workers saw an increase in pay over the last 12 months (64%), including 48% who got a pay raise and 26% who got a better paying job, while 10% got both. Slightly less reported receiving neither a raise nor finding a better paying job this year compared to last year (36% vs. 39%).

Among those who received a raise in the past year, 36% say their pay is keeping up with inflation (down from 39% last year), compared to 53% who say it is not (up from 50% last year), and 10% who don't know. Of those who did not see their wages increase, just 15% say their pay is keeping up with inflation, while 72% say it is not, and 13% don't know.

“The job market has lost some of its steam since the Federal Reserve began raising interest rates to quell inflation, but not much,” said Bankrate Analyst Sarah Foster. “The share of workers who got a raise in the past year is matching last year’s historic levels, and more Americans are getting raises today than they were before the pandemic. Even so, inflation remains painfully high for many households, eroding those gains. High inflation feels a bit like taking a pay cut in itself, and it might be one reason why Americans suggest the economy isn’t as strong as it looks on paper.”

Of the workers who did receive a raise or find a better paying job in the last 12 months, more than half (52%) report their raise being less than 5%, with 28% saying it was less than 3%. On the other hand, about 2 in 5 workers who saw higher pay this year (38%) say the pay increase was 5% or more. This includes 17% who received between a 5% to 7% raise, 10% who received a raise between 7% and 10%, and 12% who received a raise of 10% or more. 10% of respondents said they don’t know or can’t remember how much their wage increase was.

Among employed Americans, those more likely to say they received a pay increase of 5% or more in the last year include: men (42% vs. 34% of women), millennials (47% vs. 37% of Gen Xers, 36% of Gen Zers, and 25% of baby boomers), the highest-earners (48% vs. 33% of the lowest-earners), salaried workers (45% vs. 32% of hourly workers), and workers who got a higher-paying job but did not receive a raise in the same time period (44% vs. 34% of those who only got a raise and stayed at their current role).

Of the workers who received a pay raise in the last 12 months, a performance based raise was the most common reason why (35%), followed by cost of living (31%), a promotion or new job responsibilities (17%), other (12%), or don’t know (5%).

A quarter of both Gen Z and millennial workers (25% each) who received pay raises say it was due to a promotion or new job responsibilities, compared to only 12% of Gen X and 3% of baby boomer workers. Nearly 2 in 5 baby boomers (37%) and Gen Xers (36%) who received raises say it was for cost of living, compared to 26% of both millennials and Gen Zers. Furthermore, over 2 in 5 of the highest earners (42%) say their pay raise was performance-based, compared to 29% of the lowest earners.

“The strong job market could be one reason why the U.S. economy has so far defeated the recession odds that seemed inevitable at this time last year,” added Foster. “Americans continue to have consistent, stable paychecks, helping them keep spending even in the face of inflation. But a red-hot hiring environment can be a double-edged sword for Americans’ finances, especially if it contributes to inflation. Wage growth isn’t thought to have spurred the current era of decades-high inflation, but it could be what

keeps it from calming down sooner. Federal Reserve officials have said wage growth is still a bit too robust for comfort.” (<https://www.bankrate.com/banking/federal-reserve/wage-to-inflation-index/>)

Methodology:

Bankrate commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,404 U.S. adults, including 1,293 who are currently employed. Fieldwork was undertaken between October 26-30, 2023. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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