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Majority of American Households: “Pay Not Keeping Up with Inflation”

Includes half of workers that have seen pay increases but still haven't kept pace

New York – September 14, 2022 -- Among employed Americans, 48% received raises in the past 12 months (including 8% that got both a pay raise and a better paying job), 21% got a better paying job (including 8% that got both a pay raise and a better paying job), while 39% didn't receive either one, according to a new survey by Bankrate. Click here for more information:

<https://www.bankrate.com/personal-finance/pay-raise-survey-september-2022/>

A majority of working Americans (55%) say their income has not kept up with the increase in household expenses due to inflation, while just one-third (33%) said their income has kept up with or exceeded the increase in household expenses due to inflation. 12% don't know.

Half of those now earning higher pay say it didn't keep pace with inflation, with just 39% saying the increase had kept pace or exceeded the rise in household expenses. 11% didn't know.

“Inflation that has run at the highest levels in more than four decades has stripped buying power away from households of all walks of life,” says Greg McBride, CFA, Chief Financial Analyst for Bankrate. “Even half of those receiving a pay raise, getting a promotion, or taking on new responsibilities said that higher pay falls short of the increase in household expenses.”

When it comes to worries about job security, the good news is that the majority are not worried (or not worried yet). 61% say they are not worried about their job security (including 34% that are not too worried and 28% that are not at all worried), while 39% of employed Americans say they are worried about job security (including 11% that are very worried and 28% that are somewhat worried).

Of those working Americans that received a pay increase, 36% received a performance-based increase, 31% received a cost-of-living increase, 16% got a promotion or new job responsibilities, 10% cited some other reason (such as labor contract or seniority-based), and 7% didn't know.

“More than half of workers receiving raises attributed it to a performance-based increase, a promotion or new responsibilities. Fewer than one-third, just 31%, said it was a cost-of-living increase. The cost-of-living increase continues to be the exception rather than the rule,” adds McBride.

Younger workers, led by Gen Z (35%- ages 18-25) and millennials (28%- ages 26-41), were much more likely to have found a better paying job compared to Gen Xers (17%- ages 42-57) and baby boomers (7%- ages 58-76). Those better paying jobs did tend to skew toward lower income (25% of households earning less than \$40,000 annually) and lesser educated (25% of

households with no more than a high school diploma, 22% with some college but not more than a 2-year degree).

Pay raises showed much less variation by age, ranging from 45% among millennials to 51% for Gen X (compared to 47% for Gen Z and 49% for baby boomers). Yet, pay raises did skew more toward higher earners (51% of those earning \$80,000 or more per year) and the most highly educated (55% among those with a post-graduate education).

Performance-based pay increases were the most common form of pay raise for all but the lowest income households, where cost-of-living raises were more prevalent (37% of households earning less than \$50,000 annually). The propensity for cost-of-living increases declined as income increased (33% for those earning \$50,000-\$79,999; 27% for \$80,000-\$99,999; and 24% for \$100,000+).

Performance-based pay increases were more common among baby boomers (45%) and Gen Xers (38%) than millennials (30%) and Gen Z (31%). But moving up the ladder by promotion or new job responsibilities was much higher among Gen Z (26%) and millennials (24%) than Gen X (11%) and baby boomers (5%).

Pay increases haven't kept up with rising household expenses for a majority of baby boomers (66%), Gen Xers (63%), and older millennials (age 33-41, 52%), but less so for younger millennials (age 26-32) where 47% said it hadn't kept up but 41% said it had equalled or exceeded their increase in expenses. It was more evenly divided among Gen Z (37% haven't kept up, 37% have kept up or exceeded, 27% don't know).

Methodology: Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 2,458 adults. Fieldwork was undertaken between August 17-19, 2022. The survey was carried out online and meets rigorous quality standards. It employed a nonprobability-based sample using 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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