

Climbing up (or off) the career ladder: Lifecycle income progression by age cohorts

Individuals in their early and middle working years have experienced real income growth from December 2019 through mid-2024 towards the low end of the range of benchmarks during the 2010s. Those closer to retirement age have seen more notably weak outcomes, falling below even the anemic changes in purchasing power seen in the wake of the Great Recession, likely influenced by the rise in early retirements during the pandemic.

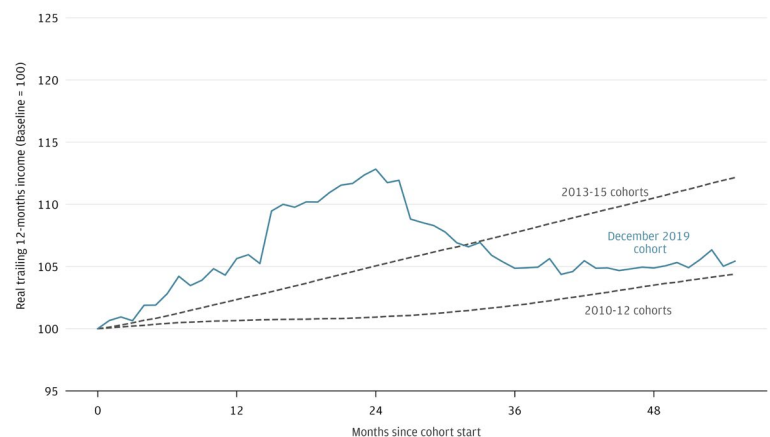
Why it matters: We show median growth in real take-home incomes from pre-pandemic baselines, computed at the individual level, a unique lens that may support debate around sentiment indicators that may seem out-of-step with traditional, aggregated macroeconomic data. By comparing recent income trajectories to historical benchmarks, this report provides a nuanced view of how people have experienced career progression amid the unique mix of policy, inflation, and labor market dynamics prevailing since the start of 2020.

Additional context: Our research is particularly relevant within the context of the ongoing economic recovery and labor market shifts following the pandemic. This paper provides a detailed, multi-year perspective on income changes computed at the individual level, a level of granularity not typically available in large-scale public data. Findings are based on take-home pay and provides a direct comparison to dynamics of the same metric for cohorts during the 2010s. This analysis leverages de-identified data from over 15 million checking account users, covering the period from 2007 to 2024.

Findings:

- 1 Real incomes of early and middle working age individuals have largely stagnated over the last two years, leaving net gains since 2019 roughly in line with the slow growth seen in the early 2010s.
- 2 For individuals later in their careers or in early retirement, median real incomes declined more than same-aged individuals in benchmarks from the 2010s.
- 3 Real incomes of early and middle working age individuals have largely stagnated over the last two years, leaving net gains since 2019 roughly in line with the slow growth seen in the early 2010s.

Median real income advancement: Individuals aged 35-44



Note: Figure shows the median income relative to cohort start date, adjusted for inflation using the Consumer Price Index, All Items. The two benchmark cohorts are the average of income paths for cohorts starting in the denoted periods. We use trailing 12-month average checking account inflows excluding account transfers as our measure of take-home income.

Data explanation: A time series of median real income growth restricted to individuals between the ages of 35 and 44. The figure shows one line for each group in the following periods - 2010-12, 2013-15, and December 2019 - and all series are normalized to 100 in the cohort start date, represented as month 0 on the x-axis. The December 2019 line is solid and in blue, while the 2013-15 and 2010-12 lines are greyed out and dotted as reference points. The x-axis shows the months since cohort start date, starting at 0 months and ending just after 48 months. Both the 2013-15 and 2010-12 cohorts are relatively linear, with the 2013-15 cohort steeper than the 2010-12 cohort line. The 2013-15 cohort reaches a high near 110. The 2010-12 cohort reaches a high near 105. The December 2019 cohort is not linear, but generally increases between months 0 and 24, reaching a high between 110 and 115. After 24 months, the line then dips, crosses the 2013-14 cohort series near month 30, and reaches a local low just below 105 near month 40. The December 2019 cohort remains near that value through the end of the series.

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