

NEWS BRIEF

Report: Employers Planning for 3.5% Wage Increases in 2026



U.S. employers are forecasting average wage increases of 3.5% in 2026, consistent with 2025 levels. [WTW's July 2025](#) survey, which polled over 1,500 employers in the United States, showed that 53% plan no change to their salary increase budgets, while 31% expect to reduce them. Only 15% anticipate budget increases, signaling a continued shift toward cautious compensation planning even as overall wage growth holds steady.

While 3.5% remains elevated relative to pre-pandemic norms (about 3%), it marginally edges out current inflation. The most recent reading (June 2025) of the [Consumer Price Index](#) showed rising inflation of 2.7% year over year, meaning many employees may see limited real income growth.

The survey projects an average salary increase of 3.5% for 2026, matching 2025 levels. With budgets flat, employers are focusing on pay more strategically, targeting performance and critical roles over broad increases.

“While top-line budgets are generally holding steady, the real shift is happening beneath the surface. Organizations are being more deliberate about how they allocate pay, where they focus investment and what outcomes they expect to drive. Employers are no longer simply reacting to economic signals; they’re reimagining how to best support broader business goals despite uncertainty.” -Brittany Innes, director of Rewards Data Intelligence

Other Findings

WTW's data shows that industry differences in salary planning have narrowed. Average increases across manufacturing, health care, technology and financial services are expected to hover consistently around 3.5%, signaling a shared focus on cost control, even amid persistent labor shortages.

WTW's July 2025 report indicates that while overall salary-increase budgets remain flat at 3.5%, employers are shifting how those funds are distributed. Rather than expanding separate budgets for market or equity adjustments, many organizations are reallocating existing resources by focusing on specific roles, performance levels or retention needs.

Summary

This report indicates that salary increase budgets are likely to hold steady in 2026, signaling compensation stabilization amid ongoing economic uncertainty.

Employers should continue to monitor economic and compensation trends. Contact us today for more resources.

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