

# Wall Street Bonuses Fell 2% To \$176,500 On Average In 2023

James T. Madore | March 19, 2024

## Bonus Time

The securities industry in New York City awards bonuses to some employees in the December-March period each year.



Source: NYS Comptroller's office

Bonuses paid to Wall Street employees for their work last year fell 2% to \$176,500, on average, as securities firms adopted “a more cautious approach to compensation” and more people were hired into the industry, said state Comptroller Thomas P. DiNapoli.

In a report released on Tuesday, he estimated \$33.76 billion in bonuses were paid between December and this month. That was virtually unchanged from 2022's \$33.84 billion, but down from 2021's record \$42.7 billion.

The year-over-year decline in the average bonus was far less than the 25% drop between 2021 and 2022.

"Wall Street's average cash bonuses dipped slightly from last year, with [a key factor] being that you have more employees — so the bonus pool is spread among more people, which is why the average went down," DiNapoli told journalists.

Securities industry bonuses typically boost the Long Island economy because they go toward the purchase of second homes on the East End, high-end automobiles, boats and other luxury items, and private-school tuition for children. About 20% of Island residents are employed by New York City-based firms, many of them on Wall Street, according to research by the Long Island Association business group and the Center for an Urban Future in Manhattan. "That helps in terms of the money being spent back home...Look at real estate on the East End in terms of short-term rentals and [the] purchasing [of homes]," said DiNapoli, a Democrat from Great Neck Plaza. "When Wall Street does well, those are the folks that end up spending a lot of money in other parts of Long Island."

Real estate broker Judi A. Desiderio agreed, saying bonus recipients want to purchase houses in the Hamptons and on the North Fork in the spring so they can enjoy the summer season.

"There is a direct correlation between the size and scope of the bonuses and the thrust of the business," said Desiderio, CEO and president of Town & County Real Estate, which has eight offices on the East End.

"What do you do with a bonus? You buy a car, you buy a yacht, you buy a house in the Hamptons or on the North Fork," she said. "You buy something you can enjoy, and when you have to sell it you enjoy the appreciation [in its value]."

In addition, Wall Street bonuses are a crucial source of tax revenue for the state and New York City, representing 27.4% and 7% of total tax collections, respectively, according to DiNapoli's report.

He said the year-over-year decline in the average bonus would mean lower income-tax collections, but state and city officials "budgeted for larger declines so the impact on projected revenues should be limited."

The bonus data is only for the securities-industry employees assigned to work in New York City and doesn't include stock options and other deferred compensation for which taxes haven't been paid. Not all workers receive a bonus.

The industry had 198,500 employees in the city last year, an increase of 6,900 from 2022, and the highest point in two decades, according to the comptroller's report.

Still, while the city remains the capital of the securities industry, its share of the industry's jobs was 1.3% lower in 2023 compared with the peak in 2000.

Rahul Jain, deputy state comptroller for New York City issues, said, "We're seeing growth in the securities industry...[but] it's actually faster in the rest of the country."

Pretax profits for one segment of the sector — stock brokerages that are New York Stock Exchange members — were up 1.8% to \$26.3 billion.

The brokerages' success allows them to pay bonuses to key personnel — and that's a boon to local small businesses, said LIA CEO Matt Cohen.

"Thousands of Long Islanders work on Wall Street and come back home to spend their bonuses, triggering a positive ripple effect through our entire region. The LIA is optimistic about the growth of the securities industry because as it expands so does Nassau and Suffolk's economy."