

2025

No Tax On Tips Hourly Worker Perceptions

 **INSTANT FINANCIAL REPORT**

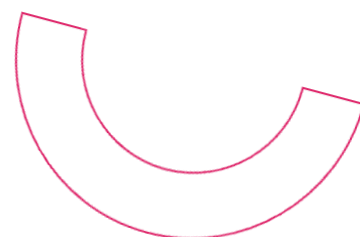
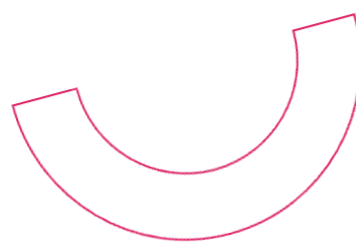


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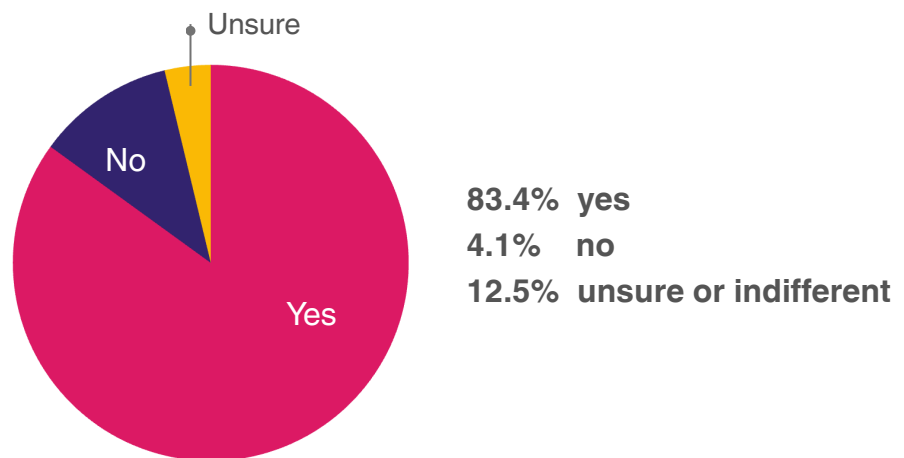


OVERVIEW

In June 2025, Instant Financial surveyed 571 hourly workers, all active users of the Instant app, to understand how a proposed No Tax on Tips policy could directly impact the people it's designed to help.

With bipartisan momentum building and the House Budget Bill including this proposal, the national conversation has largely focused on lawmakers, economists, and political figures. This report shifts the lens to the frontline workers themselves — offering an important look at how these employees perceive the value of their tips, how tax relief could affect their lives, and what they want policymakers to know as the debate unfolds.

Notably, when asked whether they want to see a No Tax on Tips policy pass, respondents (n=561) answered:



This overwhelming support is rooted in broader economic anxieties. When asked, "Are you concerned about tariffs and the rising costs due to inflation?", 70% said yes, signaling financial strain across this workforce (n=549). These findings highlight that policy solutions like No Tax on Tips are not abstract political measures — for tipped workers, they represent direct, tangible relief that could help counteract inflation, stabilize household finances, and improve overall resilience.

HOW WORKERS SPEND EARNED WAGE ACCESS & DIGITAL TIPS

When asked what they use their earned wage access (EWA) or digital tips for, respondents underscored how central these earnings are to their day-to-day lives. While policymakers and employers might assume that on-demand pay or tips provide mostly discretionary spending power, the survey results challenge that perception.

A striking majority of respondents — more than 80% — indicated that these earnings are essential for covering basic living expenses, including rent, utilities, groceries, gas, and transportation. These funds are not treated as supplemental or discretionary income; they are woven into the core budget needs of hourly workers, with many indicating that without immediate access, they would struggle to meet even their most basic obligations.



In addition, approximately 20% reported using some portion of their earnings to contribute to personal savings — a significant finding that points to how on-demand pay can help build a modest safety net or emergency cushion. A smaller but meaningful share, around 10%, reported using these funds to pay down debt, while about 8% said they cover child or family-related expenses.

These results challenge the common perception that tips or on-demand pay simply fuel extra or luxury spending. Instead, the data show that EWA and digital tips are vital financial lifelines that keep frontline workers afloat. In the context of the No Tax on Tips policy, removing taxes on tip income would not simply add to discretionary spending — it would directly enhance the funds available for critical household needs like housing, utilities, food, transportation, savings, and debt repayment.

Taken together, the data reveal that earned wage access and digital tips serve as a critical lifeline for hourly workers, functioning not as a convenience or perk but as an essential income stream that keeps households afloat. These findings reinforce the potential importance of a No Tax on Tips policy, as removing taxes on tip earnings would directly increase workers' take-home pay and, based on these results, would almost certainly flow into immediate, high-priority needs like housing, utilities, groceries, and debt repayment.

FRONTLINE WORKERS AVERAGE WEEKLY TAKE HOME PAY

When asked about their average weekly take-home pay, respondents provided a wide range of answers (n=436), reflecting the variability inherent in hourly, tipped, and gig work. Reported amounts ranged from as low as \$10–\$20 per week to over \$2,000, with many respondents explicitly noting that their earnings fluctuate based on hours worked, tips received, or delivery volume.

The average was \$465 and the median reported weekly take-home pay was \$400, with a substantial portion of respondents concentrated between \$300 and \$700. Roughly one-fifth of respondents reported earning below \$300 per week. On the upper end, about 10% of respondents reported weekly take-home pay exceeding \$1,000.

Importantly, many respondents highlighted the unstable nature of their income, frequently describing their pay as “depends,” “fluctuates,” or “varies daily” (these answers were not included in the 436 data points as a result). Several participants also clarified that they are paid biweekly or rely solely on tips, underscoring the inconsistent and sometimes unpredictable nature of frontline earnings.



These findings portray a workforce that often operates on narrow financial margins, with modest weekly income and limited financial security. A median take-home pay of \$400 per week, while in line with national averages for many hourly or service roles, leaves little room to absorb unexpected costs or build long-term savings. This makes access to wages through earned wage access programs particularly crucial for maintaining steady cash flow.

Overall, the survey responses highlight not only the level of pay among frontline workers but also its volatility — making policies that strengthen take-home pay all the more meaningful in supporting financial stability.

IMPORTANCE OF ACCESSING WAGES AND TIPS BEFORE PAYDAY

When asked, “How important is it for your livelihood to access your wages and tips before payday?”, respondents answered, with 70% reporting that they would be financially unstable without access to their wages and tips before payday, while 30% said they would be fine without it (n=555).

This finding reinforces that earned wage access is not simply a convenience but a critical financial tool for the majority of frontline workers. For seven in ten respondents, on-demand access to earnings is essential to maintaining stability.

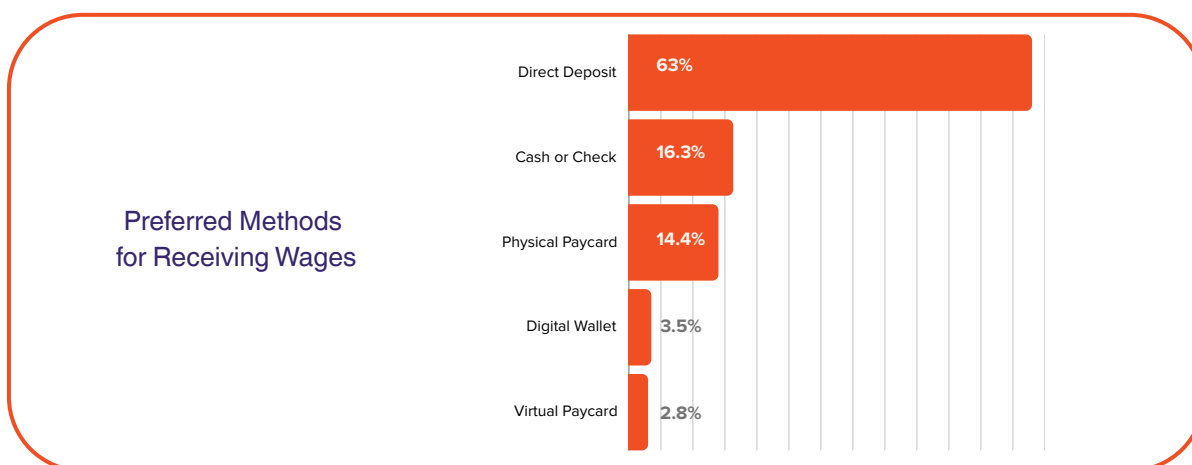
In the context of the No Tax on Tips policy, these results suggest that any measure increasing the amount of immediately available income — such as untaxed tips — would provide meaningful, stabilizing support for a large segment of the hourly workforce.

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PREFERRED METHODS FOR RECEIVING WAGES

When asked, “How do you prefer to be paid your wages?” respondents had varied preferences, reflecting the diversity of needs of the hourly workforce (n=571).



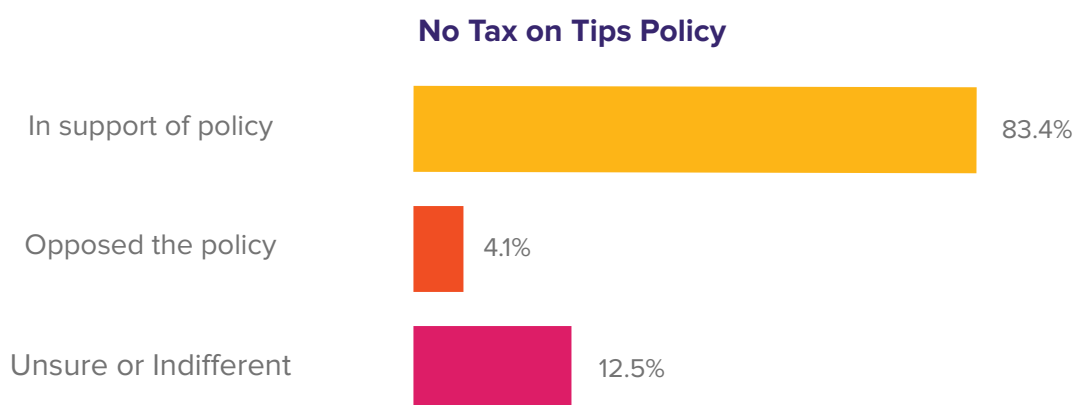
While 63% reported a preference for direct deposit, this was far from universal. A meaningful portion of workers, 16.3% preferred cash or check, while 14.4% favored physical paycards. Smaller groups opted for more digital options, with 3.5% preferring digital wallets and 2.8% choosing virtual paycards.

These findings emphasize that workers’ preferences are not monolithic. The key takeaway is not that one method dominates, but workers value having choice — the ability to access their wages in the form that works best for their personal financial situation. In the context of the No Tax on Tips policy, ensuring that workers not only retain more of their earnings but can also choose how they receive them is critical to supporting meaningful financial flexibility and empowerment.

ECONOMIC CONCERNS AND SUPPORT FOR A NO TAX ON TIPS POLICY

When asked about broader economic pressures, 549 respondents were asked, “Are you concerned about tariffs and the rising costs due to inflation?” A substantial 70% reported that they were indeed concerned, while 30% said they were not. This finding reflects the heightened financial anxiety among frontline workers, who are disproportionately affected by increases in the cost of everyday goods, services, and housing.

In a related question, 561 respondents were asked, “Do you want to see a No Tax on Tips policy pass?” An overwhelming 83.4% expressed support for the policy, while 4.1% opposed it, and 12.5% said they were either unsure or indifferent.



Taken together, these results suggest that hourly and tipped workers are highly attuned to the impact of macroeconomic pressures on their daily lives — and they see measures like a No Tax on Tips policy as a meaningful way to increase their financial resilience. For this workforce, policy solutions that improve net earnings and help offset rising costs are not abstract political issues; they are directly tied to their ability to navigate inflationary pressures and maintain household stability.

METHODOLOGY

Instant Financial conducted a quantitative online survey between May 29–June 3, 2025, collecting 571 complete responses from hourly workers using the Instant app. Respondents included employees from industries such as food service, hospitality, and retail, with the majority earning income from tips.

The median age of respondents was 41 years old.

Gender identity among respondents was as follows:

- 60.4% female
- 38.9% male
- 0.7% non-binary

Geographic distribution was spread across the U.S. as follows:

- 55% South
- 21% Midwest
- 15% West
- 9% Northeast

Respondents' job roles were categorized as:

- 44.1% Waiter/Waitress/Server/Bartender (n = 252)
- 19.6% Delivery Driver / Pizza Delivery / Food Delivery (n = 112)
- 14.0% Hairstylist / Hairdresser / Barber / Cosmetologist / Stylist (n = 80)
- 14.2% Host/Hostess / Runner / Busser / Support Staff (n = 81)
- 2.3% Manager / Shift Lead / General Manager (n = 13)
- 2.8% Cashier / Retail Worker / Sales (n = 16)
- 1.9% Cook / Prep / Kitchen / Dishwasher / Cleaner (n = 11)
- 1.1% Office Worker / Warehouse / Other (n = 6)

This survey aimed to capture frontline worker sentiment about the No Tax on Tips policy and its potential impact on their financial well-being. While the findings reflect the views of a portion of Instant's user base and may not be fully representative of all U.S. tipped workers, they offer an important snapshot of the experiences and priorities of individuals directly affected by the proposed policy.

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