

# Linked Lives, Lasting Effects: Financial Security after Widowhood in the Netherlands and Germany

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## Introduction

Across Europe, widowhood remains a deeply gendered phenomenon: women not only outlive their partners more often, but also for substantially longer periods of time (Tréguier et al., 2025). This extended period of living alone exposes older women to heightened risks of economic insecurity (Ahonen & Kuivalainen, 2024). Additionally, because many women have limited labor market participation due to care responsibilities, their pension entitlements tend to be substantially lower than those of men (Hammerschmid & Rowold, 2019). As a result, when women outlive their partners, they are more likely to face financial insecurity (Van Winkle et al., 2024). Widowhood, therefore, is not only a personal transition, but also an economic risk shaped by structural inequalities.

Survivor benefits, or insurance payments to widows, widowers, dependents, or cohabitants, are a key policy tool intended to mitigate this fallout. However, recently, fiscal constraints on pension systems have prompted many European countries to reduce public expenditures (OECD, 2018). Hence, understanding how shifting policy contexts influence the economic insecurity during the transition into widowhood is both timely and relevant to a large share of ageing populations.

Our study aims to examine the economic consequences of widowhood in two countries with contrasting survivor benefit regulations: the Netherlands and Germany. Drawing on administrative records from Statistics Netherlands (CBS) and the German Socio-Economic Panel (SOEP), we employ a staggered differences-in-differences design (Callaway & Sant'Anna, 2021) to identify the causal effects of widowhood on total and equivalized household income. Additionally, we analyze how these effects vary across the pre-widowhood income distribution, providing insight into the heterogeneous impact of widowhood.

## Background and Institutional Context

The Netherlands and Germany provide an analytically valuable contrast for studying the economic consequences of widowhood. Retirees in both countries share similar gendered employment dynamics, since older cohorts were shaped by male breadwinner arrangements that left many women with limited employment records (de Groot, 2022; Trappe et al., 2015). Simultaneously, the pension systems of the two countries differ substantially in both their overall design and survivor benefit provisions, offering an ideal case for examining how institutional configurations shape economic risks in later life (Rowold, 2025).

The Dutch first pillar (AOW) follows a Beveridgean, universalistic, and redistributive model. It provides a generous flat-rate basic pension to all residents, independent of prior earnings (Rijksoverheid, 2025; Sociale Verzekeringsbank, 2025a), which benefits individuals with short or discontinuous employment biographies, often women (Möhring, 2021). In contrast, survivor protection is tightly restricted, with narrowly defined eligibility and strict income testing of benefits. As a result, only a very small minority (1.3 percent) of old-age pension recipients receive public survivor benefits (OECD, 2018). The second pillar, occupational pensions, is organized at the sector level and forms part of the employment conditions agreed upon by employer and employee representatives. Approximately 90 percent of employees in the Netherlands participate in an occupational pension scheme, each with varying survivor benefit provisions (OECD, 2021).

By contrast, the German public pension system represents the archetype of a Bismarckian, earnings-related, pay-as-you-go scheme. It closely links benefits to prior contributions, aiming to preserve pre-retirement income levels. While care credits for childrearing partially compensate for interrupted employment, persistent gender gaps in labor market participation have produced a wide gender pension gap (Hammerschmid & Rowold, 2019). Overall, survivor benefits remain comparatively generous and accessible: nearly 40 percent of old-age pensioners receive them, with average benefits amounting to roughly two-thirds of a standard old-age pension (OECD, 2018). These benefits mitigate income loss but also reinforce dependence on marital and employment histories. For current cohorts aged 65 and older, especially women, occupational and private pension schemes play only a minor role, together accounting for 13.9 percent of total income (OECD, 2023).

Taken together, the Netherlands' universal old-age coverage paired with limited access to public survivor benefits and varying occupational survivor benefit provisions contrasts sharply with Germany's earnings-related yet generous public survivor protection. This divergence allows us to examine how distinct institutional logics shape the financial trajectories of individuals transitioning into widowhood.

### **Prior Research, Contribution and Expectations**

Existing multi-country studies suggest that widowhood has a negative impact on both household income and poverty. Using the German SOEP and US data, Hungerford (2001) finds that entry into widowhood is associated with a decline in median household income and an increase in income poverty in both countries. Holden & Brand (2004), using survey data from Germany, Britain and the United States, descriptively find that widowhood has the most adverse consequences for household income in the latter, which they attribute to a more privatized

pension system. Across European countries, most studies have relied on the data from the cross-national Survey of Health, Ageing and Retirement in Europe (SHARE). Bíró (2013) studies the effects of widowhood using fixed-effects models, demonstrating heightened self-reported financial hardship for widows across Europe, but mixed results regarding the alleviating effects of generous survivor benefits. More recently, Van Winkle et al. (2024), using SHARE data and random-effects models, find a decrease in household income for widowhood across European countries, which is mediated by the generosity of survivor benefits in the different pension systems.

Limited evidence on heterogeneity in the widowhood transition suggests that the effects vary across the income distribution and across countries. For Germany and the United States, Hungerford (2001) finds a stronger negative impact of widowhood among women in income poverty. In contrast, Holden & Brand (2004) show that inequality increases after widowhood in Germany, but not in the United States or Britain. In a recent publication, Rabaté & Tréguier (2024) find that, in the Netherlands, women at the lower end of the income distribution are most negatively affected by widowhood.

We contribute to the literature on financial security during widowhood in three ways. First, by conducting an in-depth comparison of the Netherlands and Germany, we provide a nuanced analysis of how widowhood across different pension system configurations affects financial security in old age. Specifically, we will investigate whether a pension system focused on basic security (Netherlands) is more or less protective than one oriented toward status maintenance in old age (Germany).

Second, we contribute to the literature on the heterogeneous effects of widowhood by analyzing how widowhood affects women across the income distribution. While many studies focus on average or median outcomes, existing evidence suggests that women at the lower end of the income distribution experience disproportionately negative effects (Hungerford, 2001; Rabaté & Tréguier, 2024). These distributional dynamics likely vary by country (Holden & Brand, 2004), yet why they vary cross-nationally remains understudied. Focusing on the Netherlands and Germany, we will explore potential variation in distributional dynamics and their institutional underpinnings in survivor benefit protection. Understanding these disparities is crucial for policymakers aiming at reducing old-age poverty and strengthening social security, since some women may experience severe economic hardship and require additional benefits.

Finally, to our knowledge, no peer-reviewed study has applied a staggered differences-in-differences approach to estimate the effects of widowhood. By using this methodology, we contribute to the growing body of research using causal identification strategies to study life course events and assess whether prior descriptive findings hold after accounting for selection.

Based on previous findings, we expect widowhood to negatively affect both total and equivalized household income in both countries. Given the more generous survivor benefit regulations in Germany, we anticipate that the average income loss will be greater in the Netherlands. At the same time, due to the strongly earnings-related structure of the German pension system, contrasting with the flat-rate basic pension in the Netherlands, the effect of widowhood is expected to be more stratified in Germany.

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