



## Changes in the Economic Well-Being of Widows Following the Death of Their Husband: A Four Country Comparison

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IB 2002-033  
March 2003



Issues in Brief

Project #: UM 00-10

### Executive Summary

The economic well being of widows is of increasing policy relevance as the numbers of elderly men and women increase worldwide. In industrialized countries, elderly women face the risk of substantial economic loss when their husbands die. Various public and private institutions exist to protect against such losses. In this *Issue in Brief*, we report on a study that uses a newly expanded source of cross-national panel data, the Cross-National Equivalent File (CNEF), to trace the economic well being of women as they transition from wife to widow. These data allow us to more accurately portray the transition to widowhood because they track economic changes over time and they take into account a wide range of economic sources, not just traditional social security benefits. We examine patterns of income replacement and economic well being for women whose husbands die at different ages. We add to the precision of our estimates by accounting for the number of people living in the household.

Across all four countries examined, we find that women's household income falls following the death of a husband. When we make an adjustment for the fact that the household has one less person to support, the losses are lessened. We find that women widowed at younger ages are worse off financially than women widowed at an older age, but, again, when we account for the reduced size of the household, this difference is much smaller. Sources of income that offset the decrease in household income following a husband's death vary greatly across countries

and across the different ages of husband's death. Therefore, it is very important to consider how the widow's entire household income is affected by her husband's death, instead of just focusing on the replacement of income provided by social security programs.

## Data

Our sample consists of the households of 450 German, 244 British, 627 Canadian, and 591 United States women whose husband died sometime during the life of the panel. To measure changes in her household's economic well-being, we track all sources of household income. Since a husband's death is a relatively rare event in each of our country data sets, in each of our country samples we pool our women by the age of their husband's death across all years. Our data include income years 1976 through 1997 for the United States Panel of Study Income Dynamics (PSID), 1984 through 2000 for the German Socio-Economic Panel (GSOEP), 1991 through 1999 for the British Household Panel Study (BHPS), and 1993 through 1999 for the Canadian Survey of Labour and Income Dynamics (SLID). Across all four countries, we compare four different groups of women whose husbands died 1) aged 25- 49, 2) aged 50-61, and 3) aged 62-69, and 4) 70 and older.

## Summary of Major Findings

- Using a measure of household income that adjusts for household size and relative contributions of household members, we find that in all four countries, social security benefits provide substantial protection against income loss for women whose husbands die at older ages. The differences across countries are small.
- For women whose husbands died age 62-69, when wages are more important in some countries versus others, the differences among countries is greater. Canada and Great Britain have income replacement ratios that are greater than one. The rate for the U.S. is only .67.
- When husbands die at even younger ages, the social security replacement rates are even smaller because survivors do not automatically receive benefits.
- Overall, the range in replacement rates across countries is much smaller when we account for household size.

## Conclusion

Using Cross-National Equivalent File (CNEF) data for the United States, Germany, Great Britain, and Canada, we find that a woman's social security replacement rate is uniformly high when her husband dies at ages 70 and over in all four countries, much more varied when he dies between ages 62 and 69, and much lower when he dies at younger ages in all four countries. But this variation across age and country is reduced substantially once a broader household size-adjusted income replacement rate measure is used. Thus, we show that the economic loss widows experience is smaller and less varied across the age of their husband's death and the country in which they live than implied by comparisons of social security replacement rates and household income replacement rates unadjusted for changes in household size.

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This work was supported by a grant from the Social Security Administration through the Michigan Retirement Research Center (Grant # 10-P-98358-5). The opinions and conclusions are solely those of the authors and should not be considered as representing the opinions or policy of the Social Security Administration or

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The Michigan Retirement Research Center is supported by a grant from the Social Security Administration (grant number 10-P-98358-5).