

Linked Lives, Lasting Effects

Financial Security after Widowhood in Germany and the Netherlands

Clara Overweg (Humboldt University of Berlin)

William Fernandez (Hertie School)

Widowhood is a key life course transition that disproportionately affects women, exposing them to heightened risks of income loss and economic insecurity in later life. As debates about the role and sustainability of survivor benefits intensify across Europe, understanding how policy contexts influence the economic consequences of widowhood becomes increasingly important. This study compares the economic consequences of widowhood in two contrasting welfare regimes: the Netherlands and Germany. Existing evidence shows widowhood reduces household income and increases poverty risk. However, heterogeneous effects remain largely underexplored, as do comparative studies providing insights into the moderating role of different survivor benefits policies. Moreover, most evidence relies on survey data and descriptive methods to identify effects.

Drawing on administrative microdata from Statistics Netherlands (CBS) and longitudinal panel data from the German Socio-Economic Panel (SOEP), we apply an event study design, as proposed by Kleven et al. (2019), to estimate the causal effect of widowhood on total and equivalized household income and other indicators of financial security indicators women. To capture distributional dynamics, we also analyze effects across groups of the pre-widowhood income distribution.

Both the overall design of pension systems and survivor benefits differ markedly between Germany and the Netherlands, while female employment histories in older cohorts were similarly shaped by a male breadwinner model. This constellation provides the opportunity for an analytically valuable comparison. The strongly earnings-related German pension system tends to result in lower individual pensions for women but provides generous survivor benefits. In contrast, the Dutch public pension system features a universal, flat-rate basic pension, while survivor benefits are highly limited. We expect widowhood to reduce total household income in both countries. However, average income losses are likely to be greater in the Netherlands due to the limited provision of public survivor benefits. At the same time, Germany's earnings-related pension system may lead to greater heterogeneity across the income distribution.