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**FINANCIAL CONSEQUENCES OF WIDOWHOOD
IN EUROPE**

CROSS-COUNTRY AND GENDER DIFFERENCES

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ENEPRI Working Paper No. 32/March 2005

Namkee Ahn*

Abstract

We document in this paper the financial consequences of widowhood using both cross-section and panel data from the European Community Household Panel. The research reveals that there are large differences across countries. For example, widowed persons in Greece and Portugal have the lowest income – less than a half that of those widowed in Austria. Cross-country differences decrease somewhat if we consider household income net of housing costs, owing to the higher share of home ownership in low-income countries. Further, the income reduction upon widowhood is generally larger for widows than it is for widowers. The difference in income between the genders is largest in Denmark, Spain, Austria and Finland, where widowers enjoy an income that is more than 30% higher than that of widows. The main culprit of the differences in income between widows and widowers lies in pension regulations. As today's elderly women and those approaching old age spent their working years in an era where women worked at home, raised children and did not participate in the labour market, many depend mostly on survivorship pensions as their main source of income. Yet in most countries this kind of pension tends to be much lower than the applicable old-age pension, owing to the prevailing pension laws. Consequently, the financial situation of widows is unlikely to improve in the medium term unless pension regulations change.

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1. Introduction

Widows and widowers account for a substantial share of the elderly population in Europe. According to the pooled cross-section data of 1994-2001 from the European Community Household Panel Survey (ECHP), the proportion of those widowed among the population aged 65 or older was 31%. There is a substantial difference in the numbers of widowed men and women. For example, the proportion of widowed men is 2.2% among men aged 50-64, compared with 10.1% for women of the same age; the proportion rises to 13.6% among men aged 65 and older compared with 45% among women in the same age group (Table 1). This difference between the genders in the proportion of those widowed results from their differences in age at marriage and the life expectancies of men and women. Women tend on average to be about three years younger than men when they marry and have a life expectancy that is around seven years longer. This difference is also reflected in the duration of widowhood between men and women, with women spending much longer periods in widowhood than men.

Table 1. Proportion of widowhood: Pooled cross-section data (%)

	Age 16-49		Age 50-64		Age 65+	
	Men	Women	Men	Women	Men	Women
Denmark	0.12	0.54	2.03	7.98	20.96	47.58
Netherlands	0.19	0.55	2.55	7.27	12.32	38.97
Belgium	0.27	1.19	2.17	10.43	16.23	43.85
France	0.26	1.26	2.22	10.78	11.80	42.23
Ireland	0.12	0.57	2.80	9.91	14.10	47.09
Italy	0.08	0.91	1.82	10.00	12.76	48.18
Greece	0.16	1.54	1.68	12.11	11.50	50.43
Spain	0.16	1.09	2.71	11.13	14.70	45.89
Portugal	0.14	1.82	2.68	13.78	14.15	45.72
Austria	0.20	1.23	2.13	11.76	15.04	46.11
Finland	0.22	0.72	1.75	6.54	10.06	36.96
Germany	0.26	1.05	2.62	9.82	12.45	44.19
UK	0.24	1.00	2.02	8.28	17.67	48.59

Source: ECHP (1994-2001)

For many, the bereavement of a spouse causes economic deprivation as well as emotional stress. As loss often occurs with little anticipation, surviving spouses have limited ability to prepare for the income changes following their spouse's departure. Even when the loss of a spouse is anticipated with sufficient time, the ability to prepare for it is quite limited as many households have little margin for savings. The income fluctuations upon widowhood also depend on the income sources and institutional arrangements available, such as the prevailing pension system. If their main income

source is their own employment or retirement pension, the survivor may not suffer much financial difficulty. On the other hand, if their main income source was from the deceased spouse's work or pension, the financial situation of the surviving spouse will depend considerably on the applicable survivors' pension regulations. In summary, the overall financial situation of a surviving spouse depends on income from employment, a retirement pension and/or survivorship pension, as well as other financial resources.

Today's elderly European women have spent most of their lives in an era where women worked at home, raised children and were widowed relatively young. Hence, a large proportion of elderly widows in Europe, albeit with some differences between countries, have a survivor's pension as their principal source of income since they did not accumulate sufficient work experience to be eligible for their own retirement pension. Yet pension regulations across European countries contribute to worsening financial conditions for the surviving spouses, in particular among widows, who depend on these benefits as their main income. As general rule, the public pension systems in Europe dictate that there is almost no change in the amount of old-age pensions when a dependent spouse passes away; however, a substantial reduction is usual with respect to the survivor's pension, compared with the old-age pension that the deceased spouse had received.¹ This treatment of pension benefits seems to be the main cause of the difference in the financial situations of widows and widowers.

In the US there are several studies (perhaps owing to data availability) that analyse the financial situation of widowed persons. Using data from the Retirement History Survey, Hurd & Wise (1989) indicate that widows are much more likely to be poor than couples. McGarry (1995) concludes that the poverty persistence rate among widows is underestimated as a result of the measurement error. McGarry & Schoeni (1998) show that in the US increased social security benefits were the most important factor that led to changes in living arrangements among elderly widows. Weir, Willis & Sevak (2002) used longitudinal data from the US to show that widowhood is an important risk factor with regard to transition into poverty. In contrast, despite the well-known difficulties facing widows in Europe, there is almost no study that analyses their financial situation. A study by the OECD (2001) shows that single women living alone have the lowest income in nine developed countries (of which six are European), but it does not offer more detailed analysis. This paper tries to fill the gap.

Comparisons of financial situation by marital status using cross-section data could provide some useful information regarding the conditions in which surviving spouses live compared with others. Yet the current situation of a surviving spouse is often affected by certain decisions made by the individual and/or their family immediately before or after widowhood. For example, widowed women who receive small survivorship pensions and have no other income sources are often obliged to move into the home of one of their children. Some are forced to seek work to compensate the income drop upon widowhood. Therefore, the comparisons of the present income situation by marital status would not show the true effects of widowhood on household income. The use of longitudinal data such as the ECHP could overcome some of these problems as we can observe persons before and after the loss of a spouse. The main purpose of this paper is to document the changes in income in Europe as one is widowed. We highlight the differences by gender and between countries. We also examine other well-being indices such as the self-reported extent of financial difficulty.

2. Data

We use the data from the eight waves (1994-2001) of the ECHP surveys. The first wave carried out in 1994 included about 60,000 households and 130,000 individuals aged 16 and over across 12 European countries. Austria and Finland joined the survey from the second and the third wave respectively. The cross-section sample includes widowed persons across the waves. For the longitudinal sample, to obtain the information both before and after the loss of a spouse, we selected those individuals whose spouse died during the survey period. The cross-section sample consists of 13,418 widowers and

¹ Public pension laws regarding dependent-spouse and survivorship pensions in each country are summarised in the appendix.

59,981 widows, while the longitudinal sample contains 941 widowers and 2,392 widows. Average age and sample size by gender for each country are presented in Table 2. While the average age between men and women in the cross-section sample is similar, in the longitudinal sample the age at widowhood is about 4.3 years younger for women than for men. The sample size reduces substantially in the longitudinal sample (e.g. fewer than 50 observations for widowed men in Belgium and Finland), which should be kept in mind in interpreting the results.

Table 2. Sample frequency and average age

Cross-section data						
	<i>Sample frequency</i>			<i>Age at survey</i>		
	<i>Men</i>	<i>Women</i>	<i>Total</i>	<i>Men</i>	<i>Women</i>	<i>Total</i>
Denmark	694	2,007	2,701	73.83	74.75	74.59
Netherlands	866	3,227	4,093	70.06	72.36	71.91
Belgium	712	2,764	3,476	72.66	72.99	72.93
France	1,176	5,624	6,800	71.58	72.93	72.72
Ireland	755	2,779	3,534	68.87	71.11	70.62
Italy	1,517	7,559	9,076	75.33	73.23	73.56
Greece	1,156	7,067	8,223	74.18	70.68	71.28
Spain	1,850	8,025	9,875	73.68	72.72	72.89
Portugal	1,542	7,290	8,832	71.72	69.85	70.16
Austria	665	3,074	3,739	73.03	71.93	72.14
Finland	372	1,460	1,832	71.63	73.04	72.82
Germany	1,005	4,724	5,729	72.89	73.13	73.09
UK	1,108	4,381	5,489	75.69	74.08	74.40
Total	13,418	59,981	73,399	72.97	72.30	72.44

Longitudinal data						
	<i>Sample frequency</i>			<i>Age at widowhood</i>		
	<i>Men</i>	<i>Women</i>	<i>Total</i>	<i>Men</i>	<i>Women</i>	<i>Total</i>
Denmark	52	65	117	71.44	66.84	68.88
Netherlands	51	115	166	65.91	67.49	67.01
Belgium	33	83	116	71.23	65.75	67.31
France	65	192	257	69.32	67.46	67.93
Ireland	42	134	176	70.17	68.34	68.78
Italy	118	329	447	72.59	67.21	68.63
Greece	84	308	392	72.95	66.32	67.74
Spain	119	279	398	72.29	67.78	69.13
Portugal	139	375	514	71.66	66.22	67.69
Austria	54	126	180	73.48	65.23	67.71
Finland	36	73	109	68.14	64.64	65.79
Germany	80	174	254	64.30	62.87	63.32
UK	68	139	207	70.51	66.46	67.79
Total	941	2,392	3,333	70.67	66.50	67.68

Source: ECHP (1994-2001).

There are two types of data regarding income: personal and household income. The survey provides annual income data disaggregated into some detailed categories. These different categories of income sources include work, capital, private transfer and social protection. Income from social protection is further divided into unemployment insurance, old-age pension, survivor's pension, family protection, etc. Most income data refer to the calendar year preceding the interview. This time gap may lead to reporting errors as the surveys in many countries are carried out in the later months of each year. In

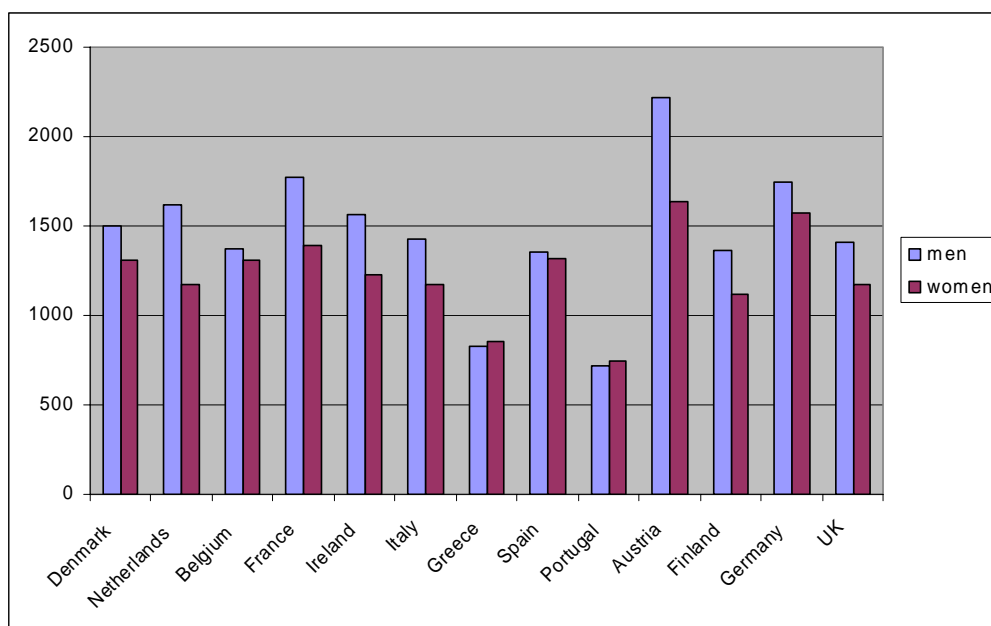
fact, we detected many missing observations of income data during the transition (widowhood) period. One income variable that is not affected by this problem is the current monthly household income. We use this as our main income variable. Using the exchange rate and the inflation rate in each year and country we converted income data into euros at 2001 prices.

Some more drawbacks of the ECHP should be kept in mind. First, the sample does not include persons in institutions such as elderly residential homes. As there are cross-country differences in the ratio of the elderly living in such institutions, a cross-country comparison would suffer some bias. Second, income data only include monetary income, therefore excluding in-kind income. Third, there is substantial attrition over the waves, the extent of which varies across countries. Although we believe that the main results would remain valid, they should be interpreted with these drawbacks in mind.

3. Cross-section results

We start with some descriptive results about the socio-demographic and economic situation of widowed persons using the cross-sectional data. We highlight the differences by gender and across country. First, we compare the current monthly household income of widows and widowers in each country as shown in Figure 1. There is substantial variation in income by gender and across country. In most countries, widowers have substantially higher income than widows, with the maximum difference of 35% in Austria. In Belgium, Greece, Portugal and Spain there are almost no differences. Austrian widowers enjoy the largest household income and Portuguese widows suffer the lowest.

Figure 1. Monthly household income of the widowed: Pooled cross-section data (in euros at 2001 prices)



The income in Figure 1 does not consider housing costs, which in many cases are substantial. In the ECHP, monthly housing cost data are available either from rent or mortgage repayments. If there are sufficient differences in housing costs by country or gender, a more precise measure of an individual's financial situation is the income net of housing costs. In Figure 2 we compare monthly income net of housing costs. We can see that in those countries where many widowed persons live in rented housing such as Denmark, the Netherlands and Germany, the net income drops substantially. On the other hand, in Ireland and the Mediterranean countries where the proportion of owner-occupier housing is high (Figure 3), income does not change much when housing costs are subtracted. Consequently, there are smaller differences across countries.

Another factor that is important to control for in the comparison of household income is household size. Indeed, there are substantial differences in household size across countries. Figure 4 shows the average household size in the cross-section data among widowers and widows in each country. Spanish widows and widowers live with 1.7 other members in the same household, while those in Denmark share the household with only 0.2 other persons on average. Two groups of countries emerge as being distinct: Ireland, Spain, Italy, Greece, Portugal and Austria, where the household size is over 2.0, and the rest of the countries where the household size is smaller than 1.5. Differences in household size can also be observed through the proportion of the widowed persons living alone as shown in Figure 5. While less than 40% of widowed persons live alone in Spain, the share increases to 80% in Denmark, the Netherlands and the UK.

Figure 2. Net (of housing costs) monthly household income of the widowed (in euros at 2001 prices)

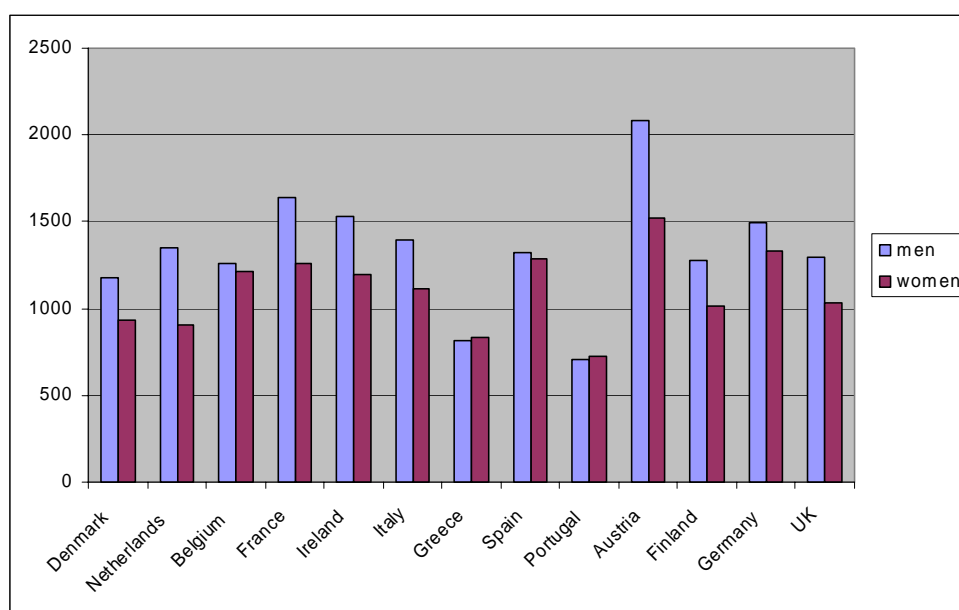


Figure 3. Proportion of owner-occupier housing among the widowed

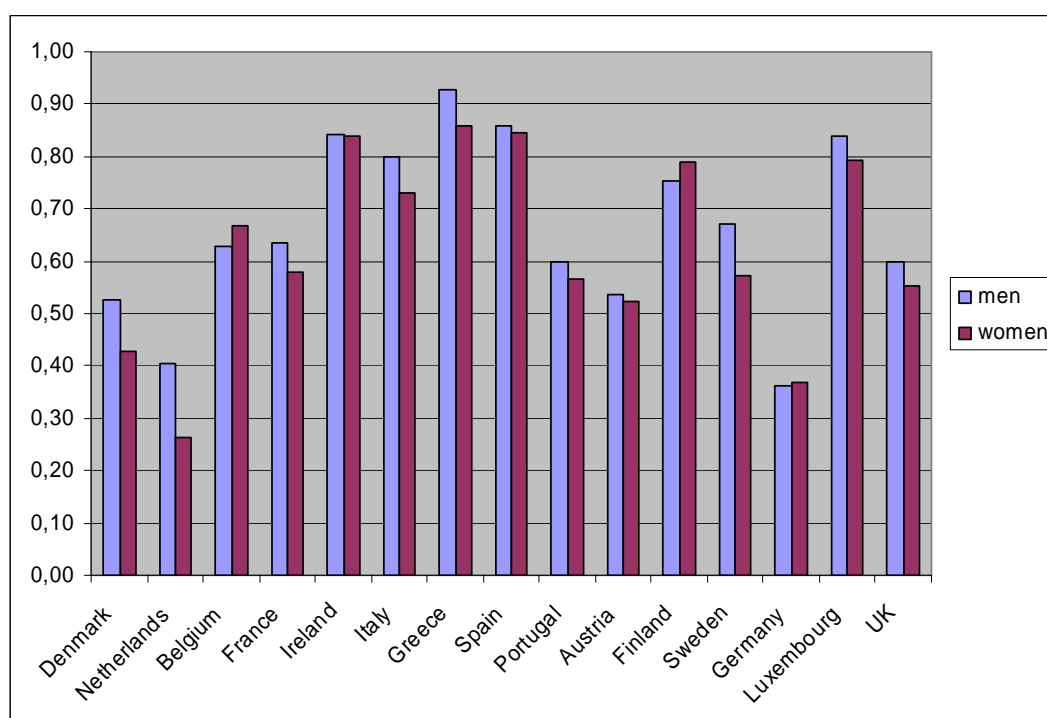


Figure 4. Average household size: Pooled cross-section data (ECHP, 1994-2001)

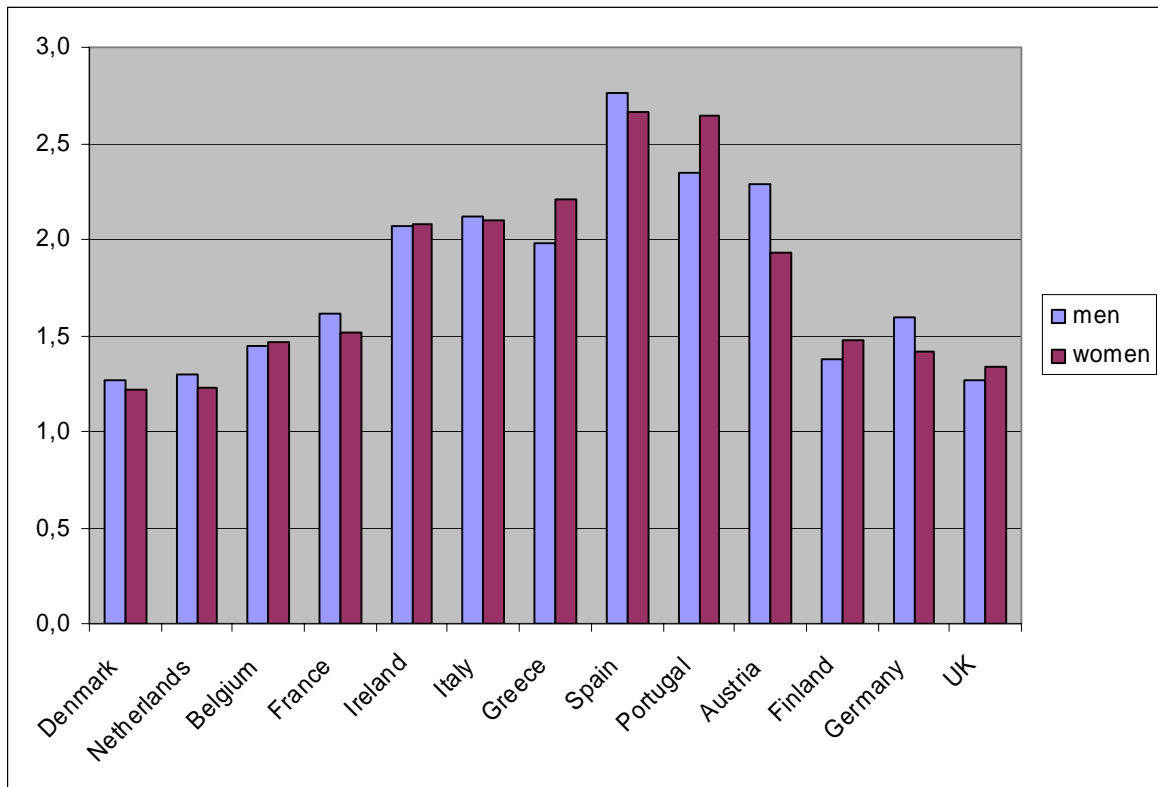
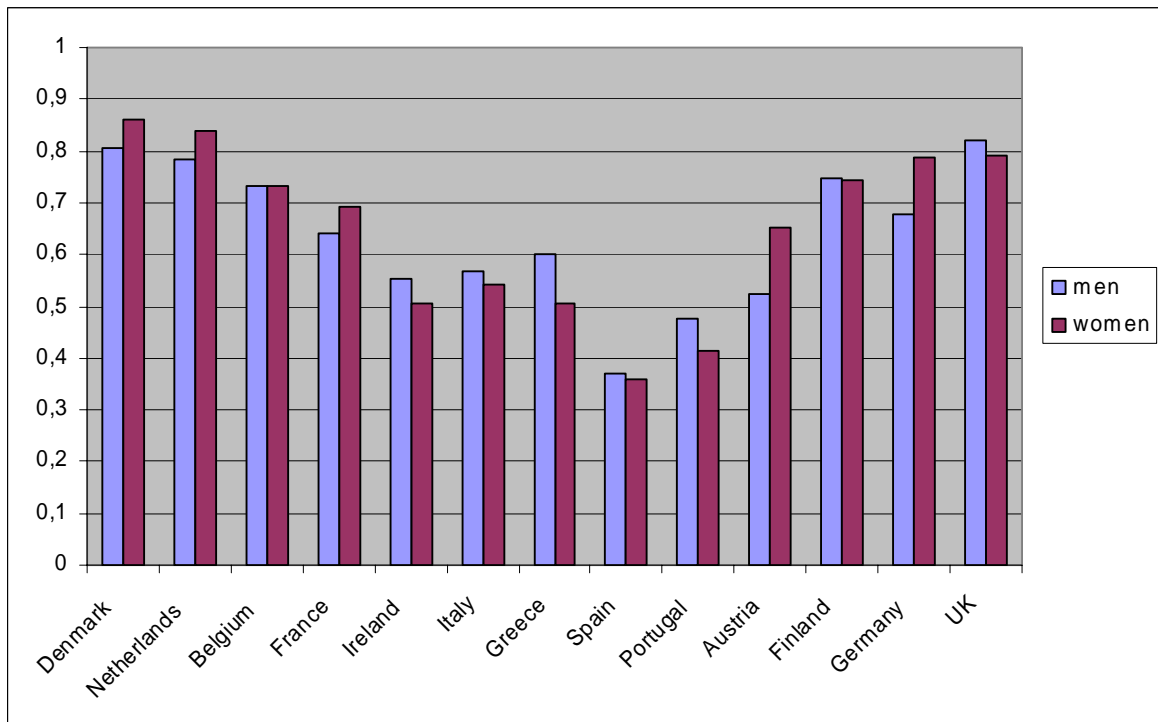
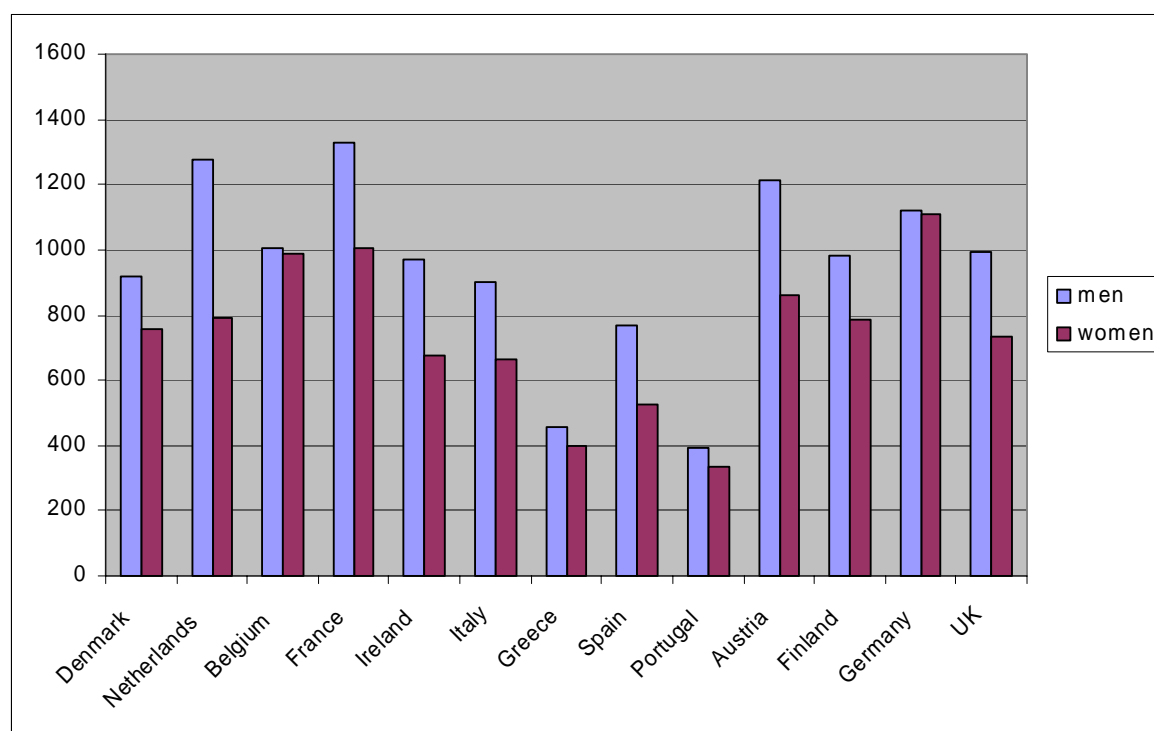


Figure 5. Proportion of people living alone: Pooled cross-section data (ECHP, 1994-2001)



To control for household composition in the income comparison, we compare net monthly household income among those who are living alone after widowhood. The result is shown in Figure 6. As expected, there is a larger cross-country difference in income among those widowed persons who live alone than there is among the whole group (Figure 2). There are also larger differences by gender – although widowers always have a greater income than widows in all countries. The difference between the whole group and those living alone is particularly noticeable in Spain. While there is almost no income difference by gender when the whole group is examined, there is a large difference of income between genders among those living alone, where widowers enjoy 45% more income than widows. In the Netherlands, France, Austria and the UK, widowed men have 20% more income than their female counterparts. On the other hand, we observe no gender differences in Belgium and Germany.

Figure 6. Net monthly income among widowed persons living alone: Pooled cross-section data (in euros at 2001 prices)

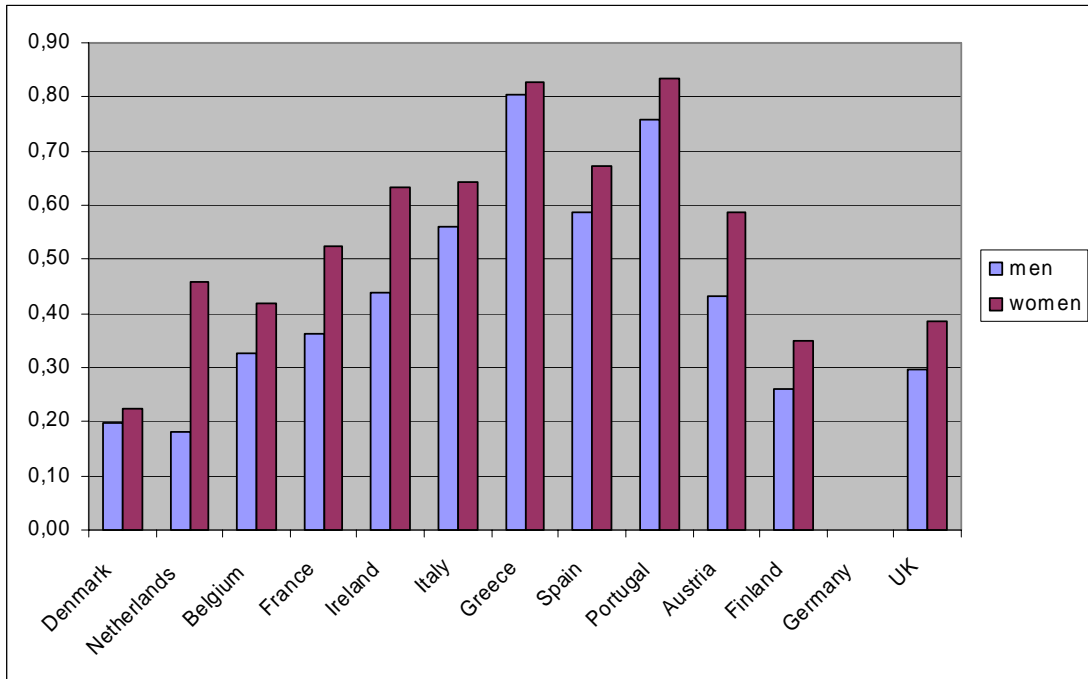


The differences across countries and by gender are also observed through self-reported financial difficulties as reflected in the survey question “Is your household able to make ends meet?”. Figures 7 and 8 show the proportion of widowed persons who answered “with difficulty”, respectively for all widowed persons and for those widowed persons who live alone. While only 20% of those widowed in Denmark had difficulty making ends meet, about 80% of those in Greece and Portugal experienced hardship. By gender, a substantially larger proportion of widows (relative to widowers) suffered financial hardship in the Netherlands, Ireland, Spain and Austria. Similar cross-country gender differences are observed in the group of widowed persons who live alone. Curiously, among the widowers who lived alone in Spain the proportion of those experiencing financial difficulties was lower while among the widows who lived alone the share was higher than that of the whole group.

In summary, there is a large difference in the financial situations of widowed persons across countries and by gender. Those in Greece and Portugal have a substantially lower income than others. Widowers usually enjoy a substantially larger income than widows. When we control for household composition, the cross-country and gender differences increase as low-income countries have a larger household size. By gender, widows who live alone in the Netherlands, Spain and Austria suffer much greater financial hardship than their male counterparts. That being said, we have to be aware that so far we

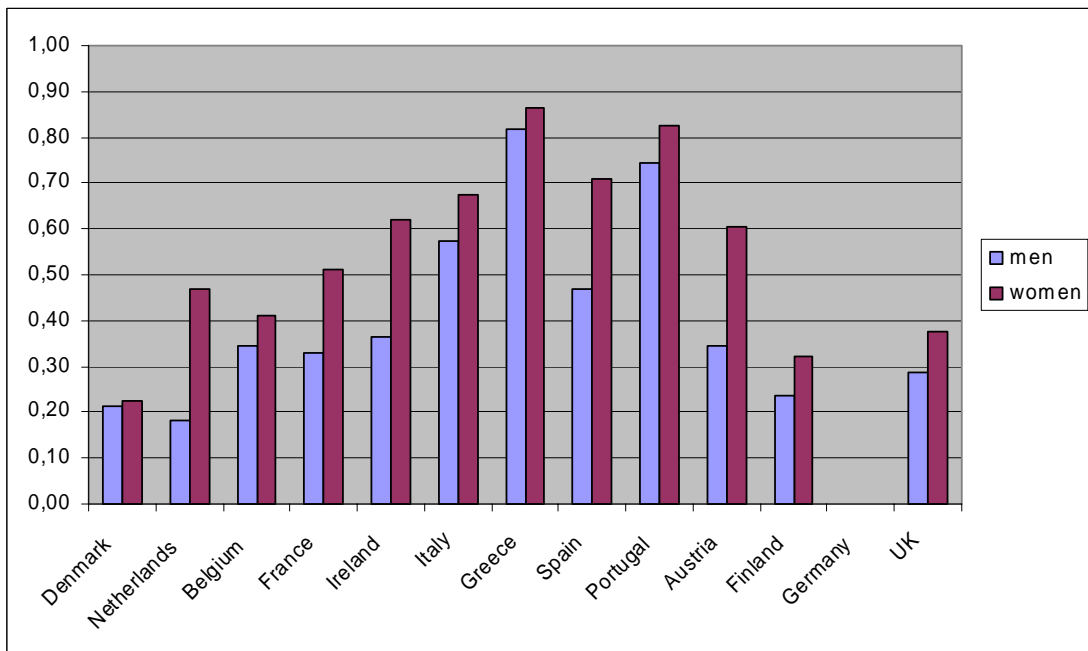
have examined the results from the cross-section data. As the sample includes all widowed persons at the time of survey independent of the duration of widowhood, it is likely that many widowed persons have changed their household and labour market situations according to their needs. To obtain a better measure of the consequences of widowhood, we examine the longitudinal data in the next section.

Figure 7. Self-reported financial difficulty (Is your household able to make ends meet?): Proportion who answered “with difficulty” among all widows and widowers



Note: Data not available for Germany.

Figure 8. Self-reported financial difficulty (Is your household able to make ends meet...?): Proportion who answered “with difficulty” among widows and widowers who live alone



Note: Data not available for Germany.

4. Results from longitudinal analysis: Before and after widowhood

To obtain information both before and after widowhood, we selected only those individuals whose spouses had deceased during the survey period. Further, to control for household composition, we selected only the households that have not appeared to change in composition except for the loss of a spouse. Additionally, we divided the widowed persons in two groups: those living with someone and those living alone after widowhood. In some countries the sample size of those living with someone is rather small (see Table 2 and Figure 5), which should be kept in mind when interpreting the results.

4.1 Household income

Figures 6-9 and Table 3 show the net monthly household income before and after widowhood by country, gender and whether or not the surviving spouse lives alone. For all groups except for Belgian widowers living with someone, household income after widowhood is less than before the loss of a spouse. Household income decreases a little less among those who live with someone than for those living alone.

Figure 6. Household income for men living alone before and after widowhood (in euros at 2001 prices)

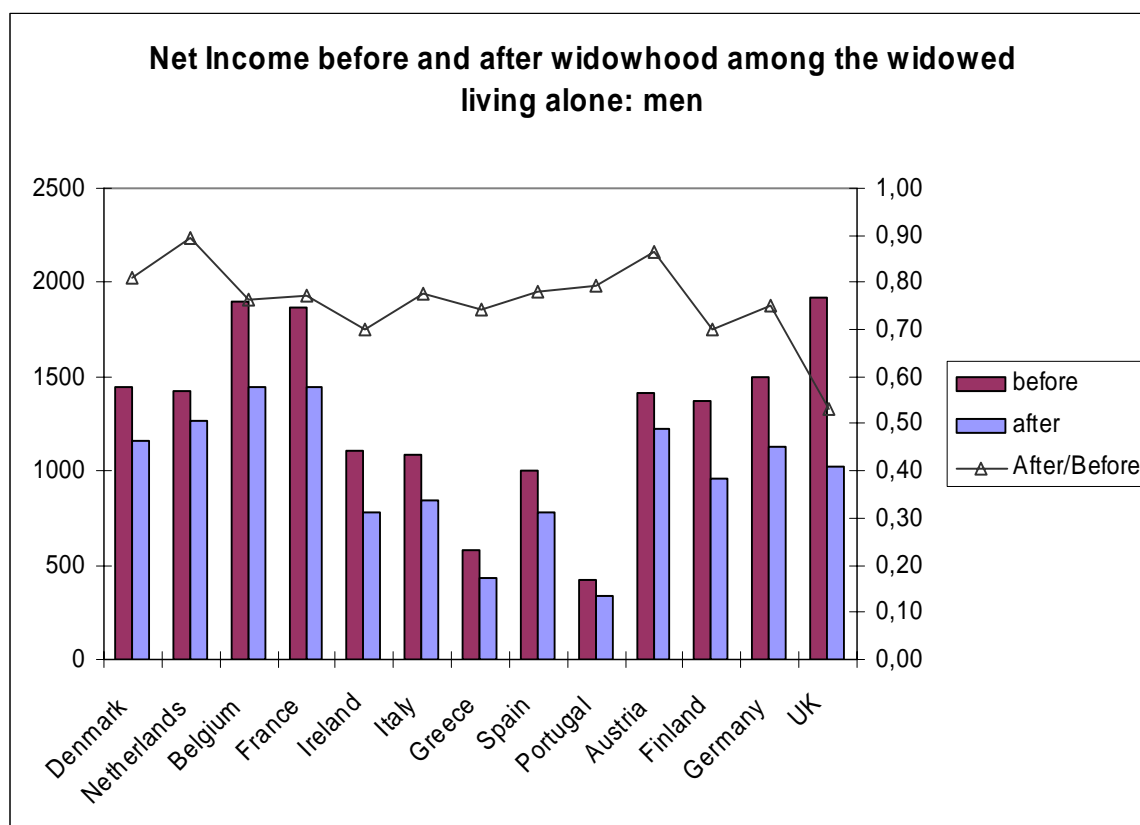


Figure 7. Household income for women living alone before and after widowhood (in euros at 2001 prices)

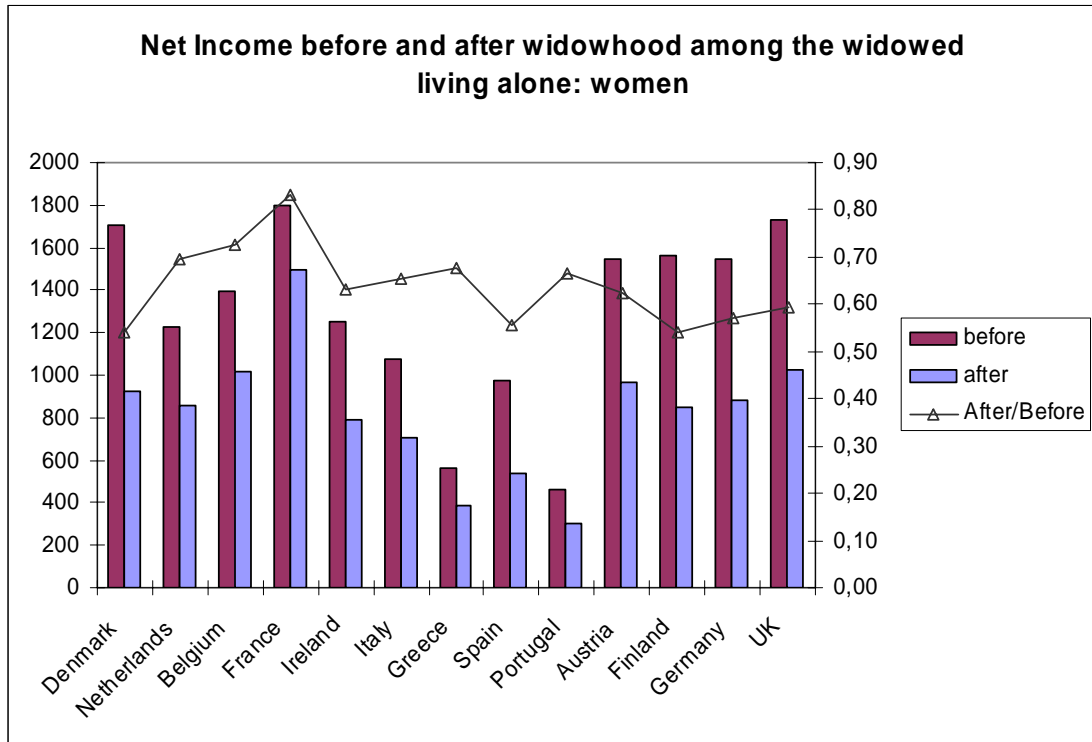


Figure 8. Household income for men living with someone before and after widowhood (in euros at 2001 prices)

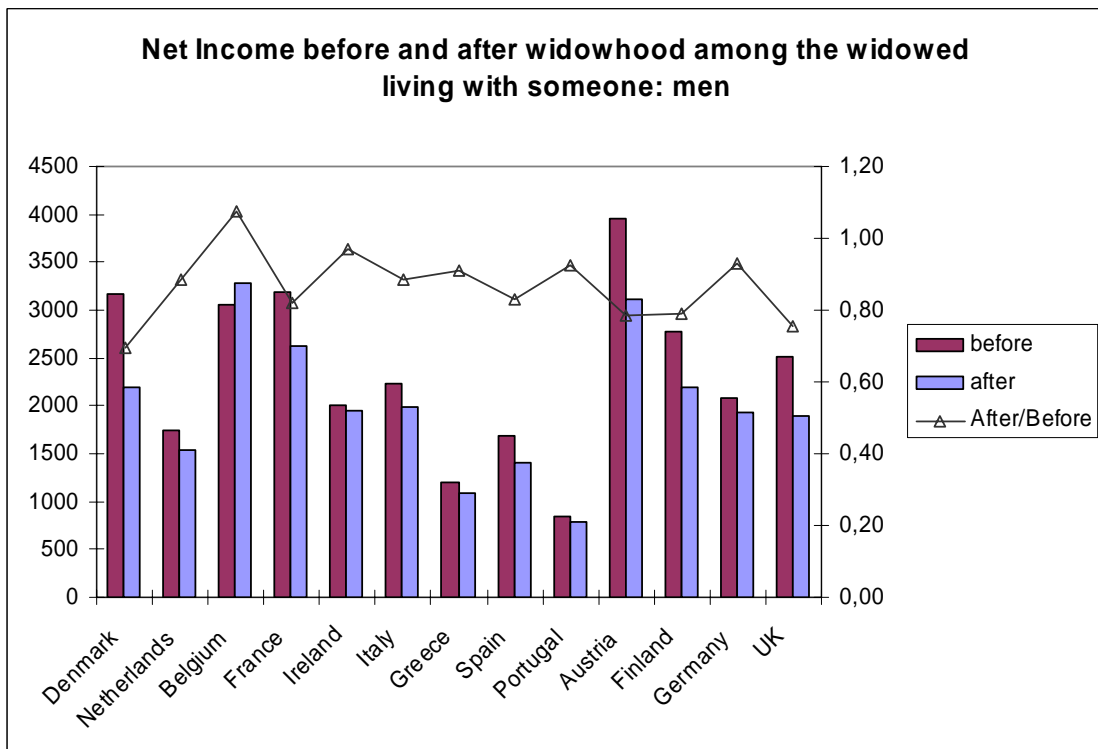
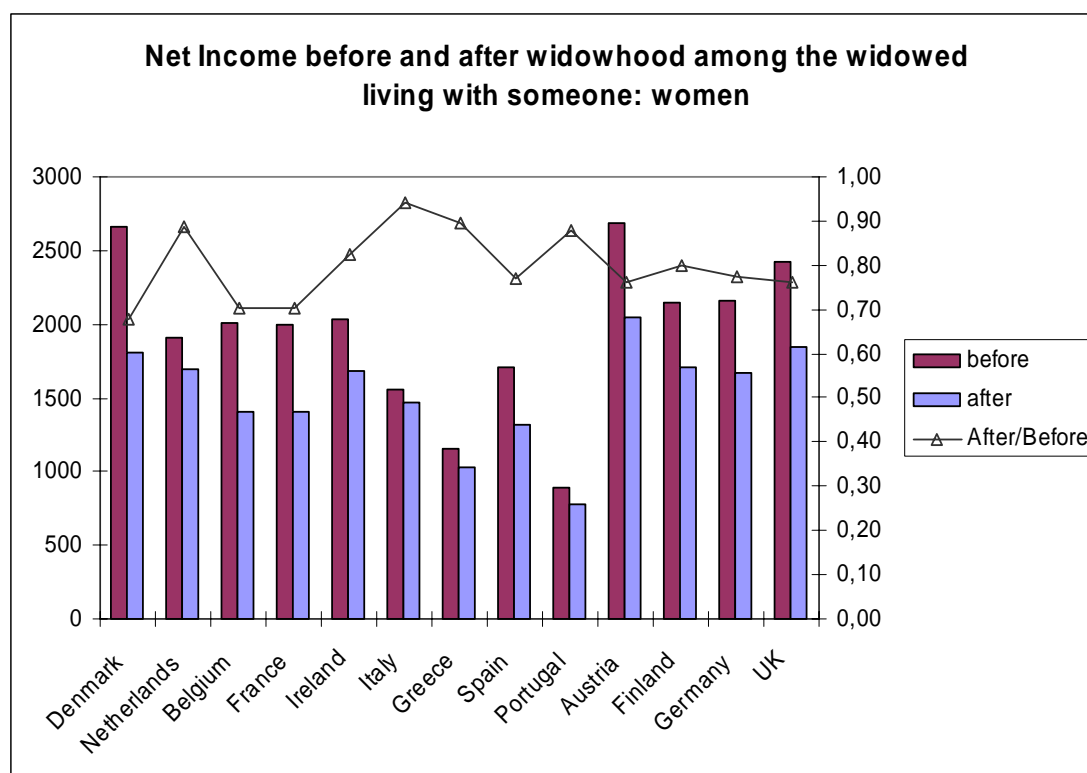


Figure 9. Household income for women living with someone before and after widowhood (in euros at 2001 prices)



Among those living alone, the income change with widowhood varies substantially across country and by gender. Among men the ratio of income after widowhood relative to the amount before it ranges from 53% in the UK to 89% in the Netherlands, while among women it ranges from 54% in Denmark and Finland to 83% in France. In only two countries (France and the UK) is the ratio higher among women than men. In some countries the gender difference is substantial. The largest differences are observed in Denmark, Austria and Spain. For example, in Spain, men suffer a 22% drop in income upon widowhood while women suffer a 44% drop.

Among those living with someone, the income reduction with widowhood is not as substantial and the difference in income between the genders is also smaller than that observed for widowed persons living alone. We should be careful, however, in concluding that this is the result of family assistance, as we do not know how the income is distributed within the family. Although the overall family income may be large, some widowed persons with small personal incomes who live with someone (usually adult children) may suffer as much as those living alone.

Table 3. Net monthly household income before and after widowhood (in euros at 2001 prices)

		Living alone		Living with someone	
		Men	Women	Men	Women
Denmark	Before	1,441	1,710	3,164	2,663
	After	1,164	928	2,194	1,807
Netherlands	Before	1,421	1,226	1,735	1,903
	After	1,269	853	1,536	1,690
Belgium	Before	1,895	1,392	3,052	2,008
	After	1,444	1,013	3,278	1,407
France	Before	1,869	1,795	3,193	1,990
	After	1,441	1,495	2,618	1,402
Ireland	Before	1,108	1,254	2,014	2,038
	After	778	790	1,954	1,682
Italy	Before	1,083	1,077	2,234	1,561
	After	840	706	1,981	1,470
Greece	Before	583	566	1,200	1,150
	After	434	383	1,090	1,028
Spain	Before	1,003	971	1,684	1,711
	After	781	542	1,398	1,316
Portugal	Before	425	459	847	893
	After	337	306	783	784
Austria	Before	1,418	1,544	3,960	2,687
	After	1,229	964	3,109	2,044
Finland	Before	1,374	1,564	2,783	2,145
	After	964	848	2,203	1,712
Germany	Before	1,500	1,547	2,088	2,159
	After	1,125	884	1,937	1,671
UK	Before	1,915	1,731	2,510	2,423
	After	1,021	1,025	1,901	1,846
Denmark		81	54	69	68
Netherlands		89	70	88	89
Belgium		76	73	1.07	70
France		77	83	82	70
Ireland		70	63	97	83
Italy	Ratio	78	66	89	94
Greece	After/Before	74	68	91	89
Spain	(%)	78	56	83	77
Portugal		79	67	92	88
Austria		87	62	79	76
Finland		70	54	79	80
Germany		75	57	93	77
UK		53	59	76	76

Source: ECHP (1994-2001).

4.2 Financial difficulty

Now, we examine the financial difficulties of widowed persons using responses to the question “Is your household able to make ends meet?”. This question, in spite of its subjectivity, is useful as the respondents are supposed to evaluate their income level relative to the income needs of their household. Upon widowhood, their households have one less person as a consumption unit. Furthermore, the income needs of individuals may differ by individual characteristics such as gender.

Table 4 shows the proportion of widowed persons who report that their financial situation has worsened with widowhood.²

Table 4. Proportion of widowed persons who report greater financial difficulties after widowhood (%)

	Living alone		Living with someone	
	Men	Women	Men	Women
Denmark	35	42	67	0
Netherlands	17	45	25	40
Belgium	19	54	20	35
France	18	41	43	43
Ireland	7	31	27	36
Italy	23	39	24	36
Greece	23	27	13	32
Spain	16	45	22	35
Portugal	15	22	21	25
Austria	12	34	20	29
Finland	23	54	14	21
Germany	–	–	–	–
UK	17	31	45	38
Total	19	36	24	33

Note: Data not available for Germany.

Source: ECHP (1994-2001).

The pattern of changes in income is similar to that shown earlier. The proportion of those who experience greater financial difficulty with widowhood is lower among men than women in all countries. Among those living alone, 36% of women reported greater financial hardship after widowhood while only 19% of men reported the same. About half of the women who are living alone reported greater financial difficulty upon widowhood in the Netherlands, Belgium, Spain and Finland.

The family is often considered to be the shelter for the elderly poor, especially in Ireland and southern European countries. The share of widowed persons who live with someone is much larger in these countries than elsewhere in Europe. The comparison of reported financial difficulties after widowhood by living-alone status suggests that in all countries (except for the widows in Spain) there is almost no difference between widowed persons who live alone and those who live with someone. In Spain, the widows who are living with someone report a much lower probability (35% vs. 45%) of having increased financial difficulties after widowhood than those who live alone.

5. Income sources of the widowed

Earlier we suggested that the variations in income between widowed men and women are mainly because of pension regulations. To evaluate this idea we examine the income sources of widowed persons. The ECHP provides several different categories of personal income. Our main interest is to examine the proportion of income coming from old-age pensions and survivorship pensions. The information about various sources of income is available only for annual income during the calendar year preceding the interview. We have some reservations about the precision of the income data as there is a time gap between the reference year of income and the survey date. Nevertheless, as our

² As the question concerning economic difficulty offers six possible responses ranging from 1 (very difficult) to 6 (very easy), we compared the responses before and after widowhood.

interest is in the comparison across countries and between genders, we think this problem may not be too serious. We restricted the sample to those aged 65 or older as most Europeans are retired at these ages. The total personal income is decomposed into five categories: work, assets, old-age pension, survivorship pension and others. Table 5 shows the total personal income and the share of each income source.

Table 5. Personal income sources for widows and widowers (age 65 or older) (in euros at 2001 prices)

		Total (euros)	Share of total (%)				
			Work	Asset	Old-age pension	Survivors' pension	Others
Denmark	Men	15,617	7	14	69	1	8
	Women	14,287	2	10	67	10	11
Netherlands	Men	18,101	1	7	90	1	1
	Women	13,164	1	6	90	2	2
Belgium	Men	14,188	5	14	76	2	3
	Women	12,420	2	12	41	44	2
France	Men	15,981	0	5	89	3	2
	Women	11,802	1	6	52	38	3
Ireland	Men	9,142	15	2	77	2	3
	Women	7,319	8	7	52	31	2
Italy	Men	10,301	6	4	78	7	4
	Women	7,954	2	4	40	47	6
Greece	Men	5,043	7	7	82	1	2
	Women	4,436	2	8	38	48	4
Spain	Men	8,568	3	3	88	3	3
	Women	6,234	2	4	26	67	2
Portugal	Men	4,069	11	4	75	8	3
	Women	3,472	2	4	58	33	3
Austria	Men	15,914	0	4	87	4	6
	Women	11,379	0	2	31	59	8
Finland	Men	18,407	2	9	81	4	3
	Women	12,170	2	3	61	30	4
Germany	Men	17,213	3	6	87	3	1
	Women	13,677	1	7	36	55	1
UK	Men	12,797	3	10	76	1	10
	Women	9,856	1	8	60	17	12

Note: Total income is in euros at 2001 prices.

Source: ECHP (1994-2001).

There is a large variation between genders and across countries in the share of each type of income. Although we included only those aged 65 and older, the share of income from work is substantial in some countries. In particular, Irish and Portuguese widowers respectively obtain 15% and 11% of their personal income from work. In all other countries, the share is rather small. The income from assets is not trivial in Denmark, Belgium or the UK, where its share is 10% or more. In all other countries, the share of asset income is rather small.

The gender difference is largest with regard to the share of different types of pensions. The share of old-age pensions in total income is much larger among men than women in all countries except for Denmark and the Netherlands. The difference is largest in Spain, where only 26% of income comes from old-age pensions among women compared with 88% among men. The share of survivorship pensions is largest among Spanish widows at 67% of total personal income. In all countries, the share of income derived from survivorship pensions is trivial among men.

6. Conclusions

The bereavement of a spouse is one of the most tragic moments of life. Apart from emotional pain, many suffer financial hardship upon widowhood. The degree of financial difficulty after widowhood depends substantially on the prevailing pension laws in each country. In this paper we documented the financial consequences of widowhood using both cross-section and panel data. Our first conclusion is that there are large differences across countries. Widowed persons in Greece and Portugal have the lowest income. There are some differences in housing ownership across countries, with those in low-income countries (Greece, Ireland, Italy, Spain and Portugal) enjoying a higher proportion of home-ownership and thus lower housing costs. Consequently, cross-country differences decrease somewhat if we consider household income net of housing costs.

Second, income reduction upon widowhood is in general larger among widows than widowers. The difference in the income reduction between the genders is highest in Denmark, Spain, Austria and Finland. For example, in Spain, income reduces to 56% of that before widowhood among those widows who live alone compared with 78% of their male counterparts. Although widows living with other household members appear to enjoy similar household income as widowers in a similar situation, we cannot interpret this as being the result of similar financial capacity as we do not know the intra-household distribution of household income.

Third, the main culprit behind the differences in the income situation of widowed men and women is pension regulation. As many widowed women depend on survivorship pensions as their main income source and as survivorship pensions are much lower than old-age pensions in most countries, widows suffer much greater income reductions than widowers upon the loss of a spouse. For example, as of 1999, Spanish pension law was such that survivorship pensions (which a majority of women receive during widowhood) were 45% of the calculation base, while old-age pensions (which a majority of men receive before and after widowhood) in general do not change. As today's elderly women and those approaching old age spent their working years in an era where women worked at home, raised children and did not participate in the labour market, they will depend mostly on survivorship pensions. Yet their financial situation is unlikely to improve in the medium term unless pension regulations change.

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Appendix

Table A1. Pension laws as of 1 January 1999

Country	Supplement for a dependent spouse from an old-age pension	Surviving spouse's pension
Denmark	None	50% until 1992, then single capital payment
Netherlands	Means-tested	€30 per month
Belgium	25%	80%
France	Means-tested	54%
Ireland	€67-€72 per week	€90-€97 per week
Italy	None	60%
Greece	€30 euros/month	70%
Spain	Minimum pension is increased (from €343 to €403)	45%
Portugal	None	60%
Austria	None	40-60%
Finland	None	National pension + 17-50%
Germany	None	60%
UK	€54 per week	€91 per week

Notes: In the column on the surviving spouse's pension, the percentages shown are the share of the pension received or that would be available from the pension of the deceased spouse. In Spain, it is the percentage of the calculation base, which is slightly different from the pension received by the deceased.

Source: European Commission (2000).

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