



# How Does the Death of a Partner During the COVID-19 Pandemic Affect the Economic Security of the Surviving Older Adult? Evidence From Credit Panel and Labor Force Participation Data

*Research conducted by Stephanie Moulton, Meta Brown, Donald Haurin, and Cäzilia Loibl, The Ohio State University  
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The death of a partner has long been recognized as one of the most significant threats to the economic security of older adults. This study analyzes the economic security of older adults who experienced the death of a partner during the COVID pandemic relative to older adults who experienced the death of a partner in prior periods, with a focus on credit and debt outcomes.

## **The Death of a Partner and Older Adults' Economic Security**

Older adults faced a significant increase in mortality risk during the COVID pandemic. Many of these deaths were unexpected and hence the financial consequences unplanned. In this study, we ask: How did the death of a partner during the COVID-19 pandemic affect the economic security of the surviving older adult? Does this differ from the pre-pandemic period? To what extent is there heterogeneity by the gender, age, or relative financial position of the surviving older adult?

To inform these questions, we construct a unique panel dataset combining individual-level administrative data on quarterly labor force participation and earnings and detailed financial information from credit report data for a random sample of 850,000 adults ages 50 and older in Ohio from the fourth quarter of 2017 through the fourth quarter of 2021. We limit our analysis sample to older adults living with a probable partner as of one of two baseline periods: the fourth quarter of 2017 (two years prior to the onset of the COVID pandemic), or the fourth quarter of 2019 (the quarter prior to the onset of the pandemic in March 2020). We trace partner deaths reported in credit data as well as credit and employment outcomes for eight quarters following the baseline quarter. Using difference in difference models, we observe how credit and employment outcomes evolve following the death of a partner for older adults during the first eight quarters of the COVID pandemic relative to how outcomes evolve following the death of a partner during a “normal” pre-pandemic period.

## **Financial Vulnerability is Associated with Partner Deaths**

We first describe the financial characteristics of older adults at baseline who are more likely to experience the subsequent death of a partner. Similar to prior studies, we find that women and lower income older adults are more likely to experience a partner death. Unique to our study, we find that older adults with lower credit scores are more likely to experience the death of a partner in all periods, with a slight increase in the relationship between credit score and probability of a partner's death during the pandemic. These



estimates are not causal but simply describe the characteristics of older adults who are more at risk of experiencing the death of a partner.

### The Death of a Partner is Associated with Worsened Credit Outcomes

In all periods, the death of a partner is associated with a drop in credit score and increase in credit distress for the surviving older adult that begins shortly after the death and persists through the eight quarters we observe in our data. Figure 1 plots the change in credit scores (Panel A) and change in delinquencies on debt payments (Panel B) for older adults in our sample before and after the death of a partner (where death occurs at time = 0). We also estimate difference in differences regression models, finding an average 10-point reduction in credit score for the surviving older adult following their partner's death.

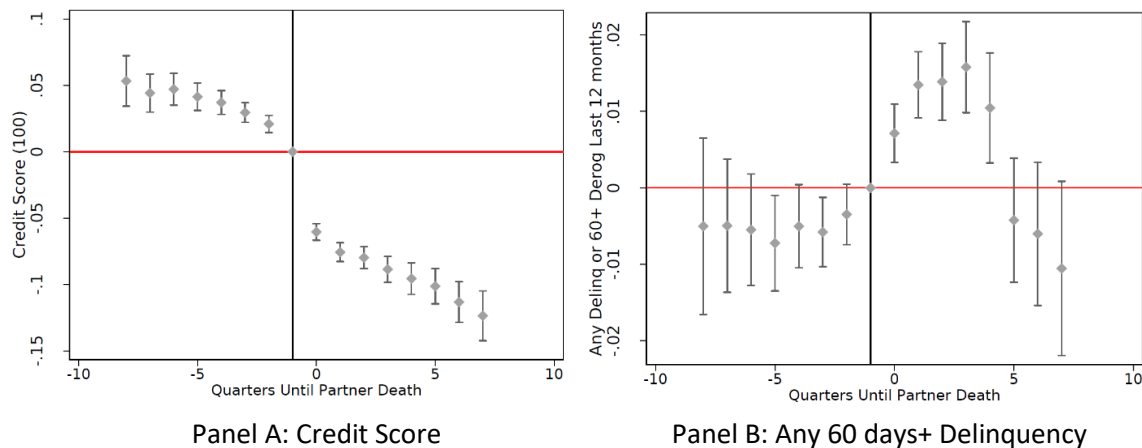


Figure 1

Notes: Each figure plots coefficients from event study panel regression models that include individual fixed effects and that control for the time varying age of the primary older adult, the calendar year of the outcome, and whether or not the outcome is observed during the pandemic period. Authors' calculations from the Experian Ohio Consumer Credit Panel. The mean credit score (100s) is 7.60; the mean delinquency rate is 0.051.

### Effects are Concentrated among the Oldest Adults and Those Not Working

We examine heterogeneity in financial outcomes following the death of a partner, with a focus on age, gender, and the financial role of the surviving older adult in the household. We find that the negative relationship between the death of a partner and credit is largest and most consistently statistically significant for the oldest adults in our sample (over the age of 72) and for older adults where both partners were out of the labor force as of the baseline period.

### Implications

- While pandemic-era protections boosted the credit profiles of older adults overall, these protections did not buffer the shocks to the credit profiles of older adults who experienced the death of a partner during the COVID-19 pandemic.
- The older adults most negatively affected by partner deaths (the oldest adults and those out of the labor force) are also those most likely to be dependent on Social Security retirement and survivor benefits for their economic security. This research sheds light on credit as an important source of economic vulnerability following the death of a partner for this population.

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