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Retirement and household financial headship: Evidence from England

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ABSTRACT

Retirement reduces personal income and may shift the balance of bargaining power between partners in elderly couples. Using data from the English Longitudinal Study of Ageing, I show that male partners are significantly less likely to be the household financial respondent once they retire, while no significant change for "who has the final say" over major financial decisions. Overall, results suggest a decline of men control in everyday financial matters, but no significant reallocation of bargaining power for formal financial choices.

1. Introduction

Who controls household finances? This is a central question to understand household financial choices. The literature shows how the individual identified as the financial decision maker plays a key role in shaping household portfolio allocation and consumption (Bertocchi et al., 2014; Johnston et al., 2016). As decision power within couples reflects partners' bargaining weights, and that those depend on their characteristics such as income, education, or cognitive skills (Lim et al., 2022), decision power may shift when these resources change (Browning et al., 1994; Attanasio and Lechene, 2014). Yet, we know little about how bargaining evolves over the life cycle, especially at retirement, a natural moment of change in income.

This paper examines whether men's transitions into retirement modify the household's financial decision structure. As retirement implies a decline in income, it may reduce the retiring partner's bargaining power, leading to a reallocation of financial control. Using data from the English Longitudinal Study of Ageing and a fuzzy regression discontinuity design, I show that men are about 30 percentage points less likely to be the household financial respondent in the periods closely following their retirement. No significant change in who has the final say over major financial decisions, instead. These findings suggest that retirement weakens men's operational control over household finances but leaves formal authority largely unchanged.

2. Data

I use data from the English Longitudinal Study of Ageing[1] (ELSA), a biennial longitudinal survey that collects data from a representative sample of English people aged 50+ since 2002. Following Battistin et al. (2009), I construct a repeated cross section dataset, using Wave 2 to 10.[2]

2.1. Outcome variables

The outcome of interest is household financial headship. As single respondents are by definition the household head, the analysis focuses on couples. It is possible to identify three distinct indicators of financial headship in ELSA.

First, the *financial respondent* indicator. It identifies the partner who completes the Income and Assets module. Second, the *final say* indicator. It is based on the question "In your household, who has the final say in big financial decisions?". Third, the *financial organisation* indicator. It derives from the question "People organise their family finances in different ways…". The variable takes value 1 if the male partner reports "looking after most household money" or if the wife reports "receiving a housekeeping allowance". All three variables take value 1 if the male partner is the financial head and zero otherwise.[3]

Overall, about 70% of males are *financial respondents*, while about 12 and 16% have the *final say* and are the *financial organizer* of the

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[1] Banks et al. (2025).

[2] I exclude Wave 1 as some health questions where not yet available.

[3] See Appendix A1 for details on outcome variables.

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household, respectively, as most of the households report an equal say over financial matters.

These indicators capture different dimensions of financial decision-making roles. The *financial respondent* measure reflects day-to-day control over household finances and is more likely to respond to small shifts in relative bargaining power. *Final say* and *financial organization*, on the other hand, correspond to corner solutions when taking value 1. In these cases, there is one partner who holds a dominant and stable financial authority due to clear higher resources and bargaining power. Thus, a variation in relative earnings at retirement is unlikely to alter financial headship.

To validate these interpretations, I examine pre-retirement characteristics across *final say* and *financial organisation*. As shown in Table A1, couples reporting joint decision-making or shared financial management display relatively balanced attributes across partners, such as similar relative wages, education, cognitive skills, financial literacy, and joint property ownership. Households with one partner consistently identified as head exhibit strong asymmetries along these dimensions. This pattern supports the view that only households reporting similar bargaining weights in pre-retirement periods may reallocate financial headship when the male partner retires.

3. Empirical strategy

The goal is to estimate the impact of (men) transition into retirement on (men) financial headship. As transitioning into retirement is a moment of decline in personal income, I question whether this decline may shift within household weights and change financial headship under a bargaining framework.

The main identification challenge is represented by retirement, as individuals decide their job exit based on health, preferences, and anticipated financial needs (Battistin et al., 2009). Thus, retirement has an endogenous nature.

To properly identify the causal effect of retirement, I use a fuzzy regression discontinuity design (RDD) with instrumental variable, using State Pension Age (SPA) eligibility as the exogenous source of variation. Therefore, pension eligibility serves as exogenous instrument for retirement in the neighbourhood of the eligibility cut-off (Maura and Profeta, 2025), and the RDD estimates the Local Average Treatment Effects for individuals whose retirement behavior responds to the SPA threshold:

$$Retirement_{itw} = \gamma_0 + \gamma_1 Eligibility_{itw} + \Gamma' X + \varepsilon_{itw} \quad (1)$$

$$Financial\ Headship_{itw} = \delta_0 + \delta_1 Retirement_{itw} + \Delta' X + \omega_{itw} \quad (2)$$

where $Retirement_{itw}$ is an indicator for whether the male partner is retired, and $Financial\ Headship_{itw}$ is one of the three binary headship measures. That, for household i, at event time t (time to/since eligibility) in wave w. $Eligibility_{itw}$[4] indicates whether the individual has reached the statutory pension age and the RD event time is defined relative to the first eligibility year. Both retirement and eligibility are treated as absorbing states: once an individual becomes eligible (or retired), he/she remain so in all subsequent waves (Castaldo et al., 2024). The *Xs* includes demographic controls at the household and at the partner(s) level.[5]

Fig. 1 plots the proportion of retired individuals by gender and years relative to eligibility.

The proportion of retired individuals increases with the years to/since eligibility, with the largest variation registered between period -1 and period 0, i.e. at the first eligibility age. The share of retired people in pre-eligibility periods is relatively high. That is a consequence of the fragmented early retirement options present in the UK: individuals can early retire since age 55, claiming an occupational pension payment and living on their own savings up to SPA (Cribb, 2023). That explains why around 40 to 50% of ELSA respondent are already retired before t = 0.

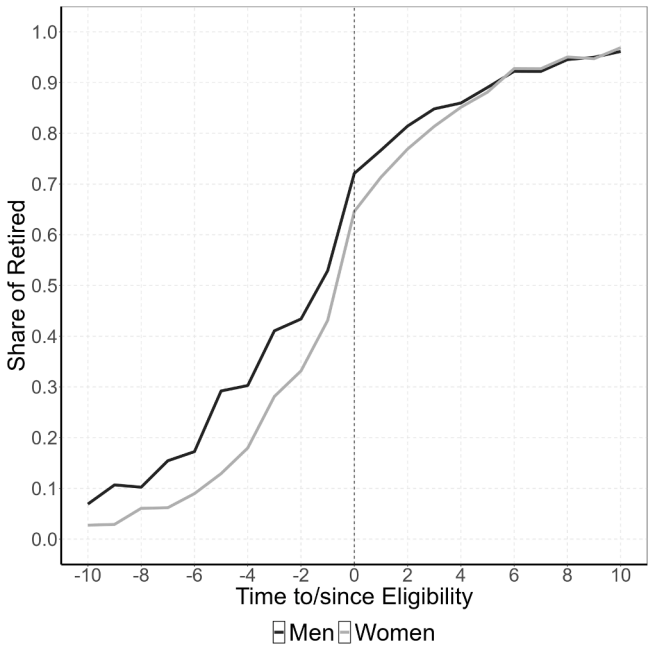

Fig. 1. Proportion of retired men and retired women by corresponding time to/since Eligibility.

4. Results

I estimate the effect of men's retirement on men's probability of being the household financial head, testing whether retirement, reducing individual income, also weakens the retiring partner's bargaining position and shifts financial headship. Note that both partners retire, with women leaving work typically later than their partners.[6] Thus, the period in which only the husband experiences an income decline and the wife does not is relatively narrow. Accordingly, I estimate the effect of retirement using windows of ±3 to ±7 years around husband's eligibility.[7]

Fig. 2 plots the share of male financial head by (men) time to/since Eligibility for each definition.

Only the *financial respondent* measure displays a visible discontinuity (approximately 5 percentage-point drop at the threshold), while *final say* and *financial organisation* stay flat. The visual evidence reflects the conceptual differences across measures: the *financial respondent* variable captures informal control, and is thus more likely to adjust if bargaining powers are similar, whereas the other two measures reflect corner-solution arrangements, less responsive to a shift in bargaining weights.

Table 1 shows the RDD estimates of (men) Retirement on (men) financial headship at the different bandwidths (Appendix A3 shows how the included covariates vary smoothly around eligibility, Appendix A3.1 and A3.2 show the robustness of the RDD estimates to other specifications and placebo test).

Retirement significantly decreases the probability that the husband is the financial respondent. As bandwidths widen, attenuation is

[4] See https://www.gov.uk/government/publications/state-pension-age-timetable/state-pension-age-timetable.

[5] See Appendix A2 for details on covariates.

[6] In the sample, women are about two to three years younger than their partner.

[7] Tighter intervals have to few observations and the first-stage shows <10 F-test.

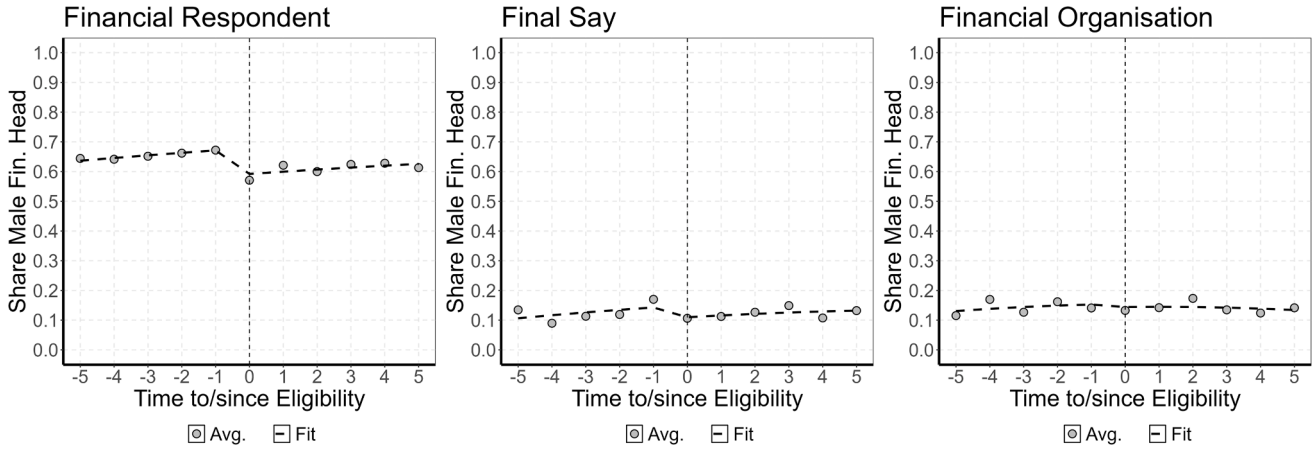

Fig. 2. RDD plot. Share of male household head by (men) time to/since Eligibility and financial headship.

Table 1
RDD Estimates. Effect of (men) Retirement on financial headship at different bandwidths around male eligibility.

	bandwidths	±3	±4	±5	±6	±7
Financial Head definition						
Financial Respondent	**Retired**	-0.495**	-0.387**	-0.318**	-0.204	-0.189
		(0.23)	(0.19)	(0.15)	(0.14)	(0.13)
	N.Observations	2707	3410	4145	4773	5420
	N.Clusters	1357	1483	1567	1632	1700
IV First Stage	F-test	27	35	52	55	66
Final Say	**Retired**	-0.235	-0.143	-0.124	-0.075	-0.051
		(0.17)	(0.14)	(0.12)	(0.11)	(0.10)
	N.Observations	2703	3406	4137	4765	5412
	N.Clusters	1357	1483	1567	1632	1700
IV First Stage	F-test	26	35	52	55	65
Financial Organization	**Retired**	-0.008	0.028	0.057	0.035	0.022
		(0.16)	(0.14)	(0.12)	(0.11)	(0.10)
	N.Observations	2457	3106	3762	4326	4897
	N.Clusters	1301	1423	1509	1587	1650
IV First Stage	F-test	27	34	47	49	60
	Covariates	*yes*	*yes*	*yes*	*yes*	*yes*

Note: Covariates include: a) male partner variables: share of household income, age, large age difference dummy (> 10 years) between partners, 1st order polynomial in time to/since eligibility; b) both partners variables: education, financial literacy, cognitive skills, health index (Dal Bianco, 2023), ever worked in the financial sector, having the name on the property (or rent contract) of the main dwelling; c) household variables: ELSA wave dummies, n. household members, dummy for separate finances. Cluster robust standard errors at household level. *** $p < 0.1$., **$p < 0.05$, *$p < 0.1$.

consistent with the idea that observations further from eligibility increases heterogeneity in retirement status of both spouses (on average, women retire after their partner because younger). Thus, estimates are noisier as the bandwidth extends beyond the period in which only the man is expected to be retired. Appendix A4 provides supportive evidence of this interpretation: restricting attention to couples with an above-median age gap (age gap = man – woman age), more likely to experience a retired-husband and working-wife situation for longer, the effect of (man) retirement on financial headship change is persistent and significant also at the larger bandwidths.

No significant effects on *final say* and *financial organisation* headship. The patterns are consistent with the interpretation that these indicators identify households where one partner already exercises dominant financial authority, less responsive to marginal bargaining powers variations.

Overall, the findings indicate that male partner retirement reshapes financial responsibility within couples, with significant effect only over day-to-day financial control. Appendix A5 complements this interpretation with descriptive before-after retirement male evidence across household who switch and do not switch their (male) financial head. Grocery expenditure is unchanged, but out-of-home food expenditure (a more discretionary choice) rises among non-switchers and decreases among switchers, recording a total variation across groups around £17 per week. Participation and share invested risky asset show some heterogeneity: the intensive margin of risky allocation (participation) favours the switchers, while the extensive margin (share of wealth allocated in risky assets) rises for non-switchers. These patterns are descriptive only, but support the view that the financial-respondent measure captures economically meaningful differences in day-to-day financial behavior around retirement.

5. Conclusion

This paper shows that men's retirement substantially reduces their likelihood of acting as the household financial respondent, while measures of financial authority closer to corner solution in bargaining powers terms remain unchanged.

A concrete policy implication concerns recent UK State Pension Age reforms. The equalisation of women's and men's State Pension Age, rising universally to 67 in 2028, changes spouses' relative retirement timing and may increase the likelihood of transitions in day-to-day household financial management. This strengthens the case for retirement-planning and -saving interventions targeted at couples, especially in light of the documented gender gaps in financial literacy and women's longer life horizons.

Data availability

The English Longitudinal Study of Ageing data are available to all via UK Data Service (https://datacatalogue.ukdataservice.ac.uk/series/series/200011#abstract), after subscription and registration. See detail information for data access at https://www.elsa-project.ac.uk/accessing-elsa-data.

Declaration of generative AI and AI-assisted technologies in the manuscript preparation process

During the preparation of this work the author(s) used ChatGPT 5.4 in order to control the coding and refine the writing of the paper. After using this tool/service, the author(s) reviewed and edited the content as needed and take(s) full responsibility for the content of the published article.

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Supplementary materials

Supplementary material associated with this article can be found, in the online version, at doi:10.1016/j.econlet.2026.113016.

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