



# Gendered Impacts of COVID-19 on Economic and Retirement Security

*María J. Prados and Jeremy Burke* \*

The COVID-19 pandemic had severe impacts on the U.S. labor market, with particularly large effects on working women. The historically disproportionate effects of the crisis and associated economic recession on female employment is particularly concerning as women are more likely to present financial fragility than men.

In this paper, we use rich longitudinal survey data collected in the Understanding America Study (UAS) to examine how the pandemic and its associated labor market impacts have influenced gender gaps in financial stability over the pandemic's first year, and how these effects may translate into gender disparities in future retirement security. We conduct two sets of complementary analyses to document the gendered effects of the pandemic on employment and short-term financial stability. We first use high-frequency data from UAS-COVID collected biweekly to monthly between March 2020 and July 2021 to finely trace out differences in employment and labor market shocks between men and women during the pandemic. We then leverage our low-frequency (annual) data to examine whether and how gender differences in employment

shocks during the pandemic influenced financial security, accounting for prepandemic gender differences. Lastly, we use respondents' earnings histories and expectations about future labor market participation and retirement age to forecast the impact on Social Security retirement benefits and examine heterogeneity across gender, race, and ethnicity.

We find that, among those employed in February 2020, women were more likely to exit the labor force than men, particularly early in the pandemic. However, after controlling for observable characteristics, the overall gender differences in employment are no longer statistically significant, though there is important heterogeneity. While we find small or null gender differences among racial and ethnic minority workers, low-income workers, and nonpartnered workers, we find significant gender gaps in employment among white, high income, and married (particularly those with young children) workers, with women in these groups being more likely to transition to nonemployment. Gender gaps in employment for these groups arose early in 2020 and generally became smaller over time. However, we

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\* **María Prados** is an economist at University of Southern California's Center for Economic and Social Research (CESR). **Jeremy Burke** is a research scientist at CESR. This research brief is based on working paper MRDRC WP 2022-08, UM22-08.

observe a persistent gender gap in employment among married workers with young children, for whom the gender differences in nonemployment persist in significance and size throughout the end of our study period in mid-2021.

We also find evidence of important heterogeneity on changes in hours worked during the pandemic. In particular, among those employed in February 2020, white women and married women with young children in the household were more likely to reduce their hours worked, particularly early in the pandemic, than their male counterparts. We also find directional evidence that Hispanic female workers were more likely to reduce their working hours than Hispanic men early in the pandemic, though our estimates are relatively imprecise.

While white women, married women (particularly those with young children in the household), and women in households with higher incomes experienced persistently larger reductions in employment during the pandemic than their male counterparts, we find little evidence that gender gaps in financial security increased along these dimensions. If anything, our estimates suggest that gender gaps in short-term financial stability decreased both overall and for these groups in particular during the pandemic. This is likely, in part, attributable to the governmental stimulus program. We find evidence that receiving an Economic Impact Payment reduced women's financial fragility relative to men's. We

also find essentially no evidence that employment shocks (job loss or reduced working hours) during the pandemic were more harmful for women than men on our measures of short-term financial stability. We also find directional evidence that women have disproportionately increased their belief that they will be able to eventually retire relative to men. We also find no gender differences in forecasted Social Security benefits.

Overall, while we find evidence that women suffered larger employment losses than men during the pandemic, consistent with prior research, our evidence suggests that the gender gap in employment was driven, at least in part, by women from traditionally more economically advantaged groups — white women, married women, and women in households with high incomes — leaving the workforce. We find little evidence that gender disparities in short-term economic stability grew as a result of the gender differences in employment. Rather our estimates suggest that gender gaps in short-term financial stability decreased over the first year of the pandemic, in part due to heterogeneous effects from the stimulus. Despite the gender differences in employment dynamics for certain groups, we find no evidence that these differences affect our forecasts for Social Security retirement benefits. Collectively, our evidence is consistent with the possibility that gender difference in employment was driven in part by relatively financially stable women voluntarily leaving the workforce. ❖

**Michigan Retirement and Disability Research Center**

Institute for Social Research  
426 Thompson Street, Room 3026  
Ann Arbor, MI 48104-2321

**Phone:** (734) 615-0422 **Fax:** (734) 615-2180  
[mrdrcumich@umich.edu](mailto:mrdrcumich@umich.edu) [www.mrdrc.isr.umich.edu](http://www.mrdrc.isr.umich.edu)

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Jordan B. Acker, Huntington Woods; Michael J. Behm, Grand Blanc; Mark J. Bernstein, Ann Arbor; Paul W. Brown, Ann Arbor; Sarah Hubbard, Okemos; Denise Ilitch, Bingham Farms; Ron Weiser, Ann Arbor; Katherine E. White, Ann Arbor; Santa J. Ono, *ex officio*