

## Veterans Administration Benefits

Individuals planning for or in need of in-home, assisted, or skilled nursing home care should be aware of the availability of Veterans Administration Benefits to reduce the burden on their families, and even assist in the sheltering of the individual's assets.

Of particular interest to those veterans, surviving spouses or dependents of veterans, are "Veterans Pension" benefits administered by the VA. A veteran for the purpose of Veterans Pension benefits does not necessarily require that one have been deployed in a combat zone, or to have served during traditionally accepted times of active combat with enemy nations, as the time period for eligibility is set by Congress and oftentimes extends beyond the period of active hostilities. "Veterans Pension" benefits are not pensions in the traditional sense of the word, but rather, constitute a variable income supplement available to those veterans, or qualified spouses or dependents of veterans who meet certain income and asset criteria. The criteria to qualify for "Veterans Pension" benefits are significantly less stringent and burdensome than traditional Medical Assistance (aka "Medicaid") benefits for skilled nursing home care, and may provide a valuable addition or supplement to asset planning strategies for older individuals.

VA Pension benefits provide an additional stream of income to qualified veterans. The general eligibility requirements are as follows:

A veteran is eligible for VA Pension benefits if he or she meets the following criteria:

1. The veteran has been discharged under other than dishonorable conditions, and
2. The veteran served 90 days or more of active duty with at least 1 day during a period of war (as designated by Congress – which may extend beyond the period of actual hostilities by a substantial amount of time), and
3. The veteran's countable income and net worth are below the established thresholds, and
4. The veteran is permanently disabled OR
5. The veteran is age 65 or older.

A dependent or surviving spouse of deceased veteran is eligible for VA Death Pension benefits, provided he or she meets the following criteria:

1. The deceased veteran was discharged under other than dishonorable conditions, and
2. The deceased veteran served 90 days or more of active duty with at least 1 day during a period of war (as designated by Congress), and
3. The dependent is the surviving spouse or unmarried child of the deceased veteran, and
4. The dependent's countable income and net worth are below the established thresholds

### A. Wartime Service Dates

WWII: 12/7/1941 – 12/31/1941

If veteran was in service on 12/31/1946, continuous service before 07/26/1947 is considered WWII service

Korea: 06/27/1950 – 01/31/1955

Vietnam: 08/05/1964 – 05/07/1975, 02/28/1961 – 05/07/1975 for veterans who served in Vietnam before 08/05/1964

Gulf War: 08/02/1990 through such end date as prescribed by Presidential proclamation or congressional resolution of Congress, neither of which has yet occurred.

## B. Net Worth Threshold Determination

Whether or not you qualify for Veterans Pension benefits due to your assets is performed on a case by case basis. In general, if an individual's liquid assets, not including personal property, is \$ 80,000 or less, excluding the value of a principal residence and vehicle, the individual will qualify for Veterans Pension benefits on the basis of the asset test.

However, sale of the principal residence will create cash proceeds that will then be countable by the VA when determining whether or not the individual meets the \$ 80,000 threshold, above which the individual may not be eligible.

## C. Income Threshold Determination

The VA will deny or discontinue Veterans Pension benefits if a claimant's income exceeds established limits. The VA's income formula is determined as follows:

1. The "maximum annual pension rate" (MAPR) must be determined and is based on 1) the filing status of the claimant, 2) the number of dependents if any, 3) whether claimant is entitled to housebound (HB) or aid and attendance (A&A) benefits.
2. The claimant's countable income for VA purpose (IVAP) must be calculated. Income included in the IVAP is as follows: 1) IRA distributions, withdrawal of contributions from a retirement fund, gifts or inheritance, of property or cash, 3) waived income, 4) gains from gambling, and 5) income from joint bank accounts in the proportion of the claimant's ownership interest in the joint asset. Income that is not included in the IVAP includes: welfare, income tax refunds, IRA interest, loans, including reverse mortgages, and proceeds of liquidated life insurance policies.

The typically applied income limits are as follows:

Veteran with no dependents:	\$ 11,830/year (\$ 985.83/month)
Veteran with a spouse or child:	\$ 15,493/year (\$ 1,291.08/month)
Housebound veteran with no dependent:	\$ 14,457/year (\$ 1,204.75/month)
Housebound veteran with one dependent:	\$ 18,120/year (\$ 1,510.00/month)
Veteran needing A&A with no dependent:	\$ 19,736/year (\$ 1,644.66/month)
Veteran needing A&A with one dependent:	\$ 23,396/year (\$ 1,949.66/month)

The Death Pension limits for surviving spouses of deceased veterans are generally as follows:

Surviving Spouse with no dependent children:	\$ 7,993 maximum (\$ 686.08/month)
Housebound Surviving Spouse with no dependents:	\$ 9,696 max (\$ 808.00/month)
Surviving Spouse needing A&A with no dependents:	\$ 12,681 max (\$ 1,056.75)
Surviving Child (no eligible parent)	\$ 2,020

The VA will pay the difference between your countable income and the maximum income limit indicated.

Unreimbursed medical expenses can also be used to reduce the claimants countable income in the event the expense: 1) was paid by claimants or claimants spouse, and 2) claimant or claimant's spouse was not reimbursed, and 3) medical expenses were incurred on behalf of the claimants or dependent, and medical expense was paid on or after the date of entitlement to VA Pension benefits, and the total unreimbursed medical expenses (UME)s exceed 5% of the applicable MAPR (5% deductible).

#### D. Housebound (HB) and Aid & Attendance (A&A) benefits

Increased benefits are available to claimants who are eligible for VA Pension benefits and who also demonstrate a need for "aid and attendance" (A&A) or by reason of being housebound (HB). The increased benefit rate under these two special "add-on" categories is designed to compensate for a claimants severe disability.

Eligibility for AA: A claimant must be helpless or so nearly helpless as to requires the regular aid and attendance of another person. 38 U.S.C sec 1502(b), 1502(d), 1541(d) (2006) 38 C.F.R. sec 3.351(b) (2009) The need for AA can be established three different ways: 1) Claimant has visual acuity of 5/200 or less, or 2) Claimant is a patient in a nursing home; or 3) Claimant establishes a factual need based on a totality of the circumstances approach.

House bound eligibility can be established by showing that a claimant is substantially confined to his or her home because of disabilities that are reasonably certain to continue throughout the claimant's lifetime. Typically VA will not require medical examinations to determine a claimant's need for A&A or HB benefits; rather a signed statement from a claimants doctor and/or medical records will suffice.

#### E. VA and MA

If a veteran with no spouse nor child or a surviving spouse with no child is receiving MA benefits, the maximum VA Pension benefit (including A&A) is capped at \$ 90.00 beginning the month after MA eligibility. In Pa, the \$ 90.00 per day does not count as income for MA eligibility purposes. If a veteran has a spouse or dependent child and is receiving MA, the \$ 90 limit does not apply.