Introduction to VA Pension

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Overview

- Summarize and identify types of non-service-connected pension
- Eligibility requirements
- Define Special Monthly Pension
- Discuss Medicaid and the effect on entitlement rates
- Identify pertinent financial information
- Describe how to calculate rates
- Recognize causes of over and underpayments
- Identify standard forms

Pension Poll 1

Non-Service-Connected Pension

- Wartime Veteran
- Permanent and total disability or
- Age 65 or older
- Surviving spouse or child
- Non-service-connected disability or
- Combination of service and non-service-connected
- Income and assets-based program
- Entitlement rate varies
- Tax-free
- Cannot receive both compensation and pension
- Pension Management Centers

Pension Types

- Section 306 Pension

- Old Law Pension

- Veteran's Pension

- Survivor's Pension

Live Pension Eligibility Factors

- Service
  - 90 days or more of active military service, if active duty started before September 8, 1980, or
  - 24 months or the full period for which the Veteran was called to active duty
  - 1 day of active service during a period of war
  - Discharged under conditions other than dishonorable

Live Pension Eligibility Factors

- Disability
  - Permanent and Total Disability by rating, or
  - age 65 or older, or
  - in receipt of Social Security Disability, or in a nursing home

- Income and net worth
  - Under annual income threshold
  - Less than $130,773 in net worth (*Bright line* limit as of 12/1/20)
  - Net-worth thresholds are updated on a regular basis

Death Pension Eligibility Factors

- Beneficiary
  - Widow/Widower
  - Child
- Service
  - Met wartime service requirement for live pension
  - At the time of death, receiving or entitled to service-connected compensation

Death Pension Eligibility Factors

- Disability
  - No specific requirements for a survivor
- Income and net worth
  - Under annual income threshold
  - Less than $130,773 in net worth (*Bright line* limit as of 12/1/20)
  - Net worth thresholds are adjusted on a regular basis

Special Monthly Pension

- Special Monthly Pension (SMP) available to:
  - Veterans
  - Death pension recipients
- Two types of SMP
  - Housebound
  - Aid and Attendance
- Medical Evidence
  - VA Form 21-2680, *Examination of Housebound Status or the Need for Regular Aid and Attendance*
  - Medical evaluation

Medicaid Rate

- Qualifications
- Rate of payment and use of benefit
- Medicaid Plan
- Medicaid facilities
- Pending Medicaid application

Countable Income

- Earnings

- Social Security Disability

- Retirement income

- Interest or dividends

- Unemployment

- Withdrawal from Individual Retirement Account

- Business income

- Rental income

Countable Income Exclusions

- VA benefits
- Welfare benefits or Social Security Supplemental Income
- Income tax refunds
- Payments to foster parents
- Loans
- Scholarships or grants
- Proceeds from cashed-in policies or bonds
- Conversion of assets
  - Profit from sale of primary residence
  - Mineral royalties
  - Timber sales

Unreimbursed Medical Expenses

- Paid by beneficiary or spouse

- Unreimbursed

- Expenses are for a member of the household

- Paid after date of pension entitlement or date of Veteran's death

- Expenses exceed 5% of maximum annual pension rate

Net Worth

The term *net worth* is the sum of the claimant's:

- Assets and
- Income for VA purposes, including the income of dependents

Assets do not include the following:

- The value of a claimant's primary residence under 2 acres, and
- The value of personal effects suitable to and consistent with a reasonable mode of life, such as appliances and family transportation vehicle
- 10% of a claimant's IRA if under age 59.5

Net Worth

- Excessive net worth may be a bar to benefits
- Considered net worth
  - Bank accounts
  - Stocks
  - Bonds
  - Mutual funds
  - Annuities, and
  - Any property other than residence
- Not considered net worth
  - Primary residence
  - Household objects and possessions
  - Vehicle

Terminology

- Maximum annual pension rate (MAPR)
- Income for VA purposes (IVAP)
- Annual pension rate (APR)
- Monthly pension rate (MPR)
- Medical deduction

Calculating Entitlement Rate

- IVAP = countable income – unreimbursed medical expenses + medical deduction

- APR = MAPR – IVAP

- MPR = APR / 12

Over and Underpayments

- Benefit entitlement issues
  - Change in medical expenses
  - Change in income
  - Dependency changes
- Reporting a change or discrepancy
  - Discuss potential effect with beneficiary
  - Notify Pension Management Center

Standard Forms

- VA Form 21P-527EZ

- VA Form 21P-534EZ

- VA Form 21-2680

- VA Form 21-0779

- VA Form 21P-8416

References

- [38 CFR 3](#), Adjudication
- *Access to CPKM-* [M21-1 Adjudication Procedures Manual (va.gov)](#)
- M21-1 III.i.4., *Veterans Online Application (VONAPP) Direct Connect (VDC) Program and the Stakeholder Enterprise Portal (SEP)*
- *M21-2* III.ii.1., *Initial Screening Process*
- *M21-1* III.ii.2., *Benefit Programs and Types of Claims*
- M21-1 V.i.1., *Overview of Requirements and Development for Pension and Parents' Dependency and Indemnity Compensation (DIC)*
- M21-1 V.i.3, *Income and Net Worth Development*
- M21-1 V.ii.3, *Special Monthly Pension (SMP) Ratings*
- M21-1 V.iii.1., *The Effect of Income and Net Worth on Pension and Parents Dependency and Indemnity Compensation (DIC)*
- Fiduciary Program Manual, *I.2.C.4.d and I.2.C.4.o*
- *AO73 Rule Change*

References Cont'd

- [VBA Fact Sheets](#)

- [VBA Publications Intranet Site](#)

- [Veteran Rate Table](#)

- [Surviving Spouse Rate Table](#)

- VA Forms Website

Questions?

- Non-Service Connected Pension
- Pension Types
- Live Pension Eligibility Factors
- Death Pension Eligibility Factors
- Special Monthly Pension
- Medicaid Rate
- Countable Income
- Countable Income Exclusions
- Unreimbursed Medical Expenses
- Net Worth
- Terminology
- Calculating Entitlement Rate
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- Standard Forms