



# Understanding the Veterans Pension Benefit and the Aid and Attendance Allowance

## Overview of pension

The NCPC estimates that approximately 10 million seniors -- about 25% of all people over 65 -- could qualify for Pension or Death Pension by meeting the tests outlined in this fact sheet. That's how many war veterans or their surviving spouses or their living spouses there are in this country. Unfortunately, few people know how to get this benefit and currently only about 543,000 individuals are actually receiving it. This represents only 5.4% of those who could be eligible.

## **What is Pension and Aid & Attendance?**

Disability Pension and Death Pension are disability income VA programs available to veterans or to the single surviving spouses of deceased veterans. The veteran had to have served on active duty at least 90 days with one of those days during a period of war. Service in combat is not required, only that the veteran was in the service during wartime and was discharged honorably. Charts showing the available amount of income and the dates for wartime service are included below.

There is a sister benefit to Pension called Compensation. This is for veterans who are disabled because of injuries or illnesses incurred while on active duty. Compensation is generally the more desirable benefit for a number of reasons we will not go into here. A veteran household cannot receive Pension and Compensation at the same time. A decision must be made as to which benefit is better and the veteran must choose only that benefit.

Period of War      Beginning and Ending Dates

World War II December 7, 1941 through December 31, 1946

Korean Conflict      June 27, 1950 through January 31, 1955

Vietnam Era      August 5, 1964 through May 7, 1975; for veterans who served "in country" before August 5, 1964, February 28, 1961 through May 7, 1975

Gulf War      August 2, 1990 through a date to be set by law or Presidential Proclamation

***The Medical Needs Test*** If the veteran is younger than age 65, he or she must be totally disabled to receive Pension. Medical evidence must be submitted for these types of applications. At age 65 and older there is no requirement for disability. For a single surviving spouse applying for a Death Pension benefit, the deceased veteran did not have to meet any disability or age requirements nor does the surviving spouse need to meet any disability requirements, regardless of his or her age. The surviving spouse had to have been married to the veteran (they did not need to be living together) at the veteran's death and must be single at the time of application and cannot have remarried after November 1, 1990.

VA will also provide additional income in the form of an allowance to the basic benefit if the veteran or the surviving spouse has a regular medical need for assistance or supervision due to disability. If the non-veteran spouse of a living veteran has a regular medical need for assistance or supervision, under certain conditions, a benefit (not an allowance) may be available for the veteran that otherwise would not have been available. Allowances are granted for the regular need for "aid and attendance" or if the beneficiary is "housebound."

A medical need for assistance or supervision due to disability is in most cases crucial to getting the Pension benefit or not getting it. A medical rating or a medical need for this disability care allows certain medical expenses and ancillary non-medical expenses to be annualized and subtracted from future annual income in order to meet the income test. With few exceptions, most veteran households could not get the Pension benefit without this special provision allowing the deduction of annualized medical and non-medical-related expenses.

The high cost of medical and non-medical expenses associated with long term care such as home care, assisted living or nursing home care are usually the trigger that allows medical deductions to qualify a veteran household for Pension. That is why only 4.7% of all eligible individuals are actually receiving Pension. Other eligibles don't know about this special provision allowing them to meet the income test or they are currently not in need of long term medical care.

***The Income Test*** The household income of the veteran or the surviving spouse cannot exceed the Maximum Allowable Pension Rate (MAPR) for that category of application. (We list 9 categories of pension income amounts in the section on how pension is calculated.) As an

example, using rates for 2014, a husband and spouse with no medical rating cannot have a combined income of more than \$1,381 a month or \$16,569 a year from all sources. As another example, a single surviving spouse with an "aid and attendance" medical rating cannot make more than \$1,149 a month or \$13,562 a year from all sources.

The household income can be reduced to meet the income test under certain special conditions. Households earning \$2,000 to \$6,000 a month or more might still qualify even though their income does not meet the income test.

**The Asset Test** As a general rule household assets cannot exceed \$80,000. But there is no specific test in the regulations. Veterans Service Representatives in the regional office are required to file paperwork justifying their decision if they allow assets greater than \$80,000. Thus this amount has become a traditional ceiling. Concerning the asset test, the service representative is encouraged to analyze the veteran's household needs for maintenance and weigh those needs against assets that can be readily converted to cash and whether the income from that cash will cover the difference in the household income and the cost of medical care over the care recipients remaining life span.

In the end, the decision as to allowable assets is a subjective decision made by a service representative. In certain cases a benefit award could be denied unless assets are below \$20,000 or even \$10,000.

A personal residence, a reasonable amount of land on which it sits, personal property and automobiles for personal use are exempted from the asset test.

### **How is pension calculated?**

Pension offers 9 different maximum benefit amounts based on whether the award is for a veteran with a spouse or dependent child, a single veteran or the single surviving spouse of a deceased veteran. For each of these three categories of benefits there are three levels of MAPR income depending on whether there is no rating, there is a rating for "housebound" or there is a rating for "aid and attendance." There are also rates associated with additional dependent children. Typically, an older veteran household will have dependent children if they have one or more totally disabled or retarded adult children living in the home. Or the older veteran may be married to a very young woman. If the household has such a situation, the additional dependent child rates are listed in Table 1 below.

The calculation of each of these different categories of Pension income will allow for a benefit from zero dollars all the way up to the Maximum Allowable Pension Rate or MAPR for that category. We have listed 9 categories below along with the minimum and maximum monthly

Pension income for that category. These rates cover the period from December 1, 2013 through November 30, 2014. Rates are generally adjusted each year for inflation.

Husband and spouse with no rating allowances -- \$0 to \$1,381 per month

Husband and spouse with housebound allowance -- \$0 to \$1,615 per month

Husband and spouse with aid and attendance allowance -- \$0 to \$2,120 per month

Single veteran with no rating allowances -- \$0 to \$1,054 per month

Single veteran with housebound allowance -- \$0 to \$1,615 per month

Single veteran with aid and attendance allowance -- \$0 to \$1,788 per month

Surviving single spouse of a veteran with no rating allowances -- \$0 to \$707 per month

Surviving single spouse of a veteran with housebound allowance -- \$0 to \$864 per month

Surviving single spouse of a veteran with aid and attendance allowance -- \$0 to \$1,149/m

Here are some examples of calculating the Pension award based on three different application categories.

**Example #1** -- Surviving spouse receiving paid home care with aid and attendance allowance. Annual income is \$11,000. Unreimbursed medical expenses include prescription drugs, Medicare premiums, Medicare supplement premiums, and 12 months of prospective home health aide monthly costs. Surviving spouse meets the asset test.

**Single Surviving Spouse of a Deceased Qualifying Veteran**

Total 12-month, future income from all sources \$11,000

5% of MAPR \$431

Less 12 months future unreimbursed medical expenses adjusted for 5% of MAPR \$12,322

Total countable income or IVAP -\$1,322

Single Death Pension MAPR with aid and attendance allowance \$13,794

Less countable income or IVAP \$0

**Yearly Pension award \$13,794**

**Monthly Pension award (yearly divided by 12 and rounded) \$1,149**

**Example #2** -- Veteran is in assisted living with aid and attendance allowance. Annual family income is \$48,000. Spouse is living at home. Unreimbursed medical expenses include prescription drugs, Medicare premiums, Medicare supplement premiums, and 12 months of prospective assisted living monthly costs. Family meets the asset test.

### **Veteran & Spouse with Veteran Paying the Medical Costs**

Total 12-month, future family income from all sources	\$48,000
5% of MAPR	\$828
Less 12 months future unreimbursed medical expenses adjusted for 5% of MAPR	\$38,722
Total countable income or IVAP	\$9,278
Couples Pension MAPR with aid and attendance allowance	\$25,447
Less countable income or IVAP	\$9,278
<b>Yearly Pension award</b>	<b>\$16,169</b>
<b>Monthly Pension award (yearly divided by 12)</b>	<b>\$1,347</b>

**Example #3** -- Non-veteran spouse of a living veteran receiving paid home care. Under VA rules she does not qualify for a rating but she does meet the special medical needs test. Annual family income is \$32,000. Unreimbursed medical expenses include prescription drugs, Medicare premiums, Medicare supplement premiums, and 12 months of prospective home health aide monthly costs. Family meets the asset test.

### **Veteran Couple with Non-Veteran Spouse Paying the Medical Costs**

Total 12-month, future family income from all sources	\$32,000
5% of MAPR	\$842
Less 12 months future unreimbursed medical expenses adjusted for 5% of MAPR	\$31,259
Total countable income or IVAP	\$741
Couples Pension MAPR ( <i>no allowances available for these types of claims</i> )	\$16,851
Less countable income or IVAP	\$741
<b>Yearly Pension award</b>	<b>\$16,110</b>
<b>Monthly Pension award (yearly divided by 12 and rounded down)</b>	<b>\$1,342</b>

**Pension -- Maximum Annual Pension Rates (MAPR) 2015-16**

These amounts increased by 1.7% on 12 / 01 / 2014

<b>For a Living Veteran</b>	<b>Yearly</b>	<b>Monthly</b>
Without Spouse or Child	\$12,867	\$1,072
Medical Deduction	\$643	\$54
With One Dependent	\$16,851	\$1,404
Medical Deduction	\$842	\$70
Housebound Without Dependents	\$15,725	\$1,310
Medical Deduction	\$643	\$54
Housebound With One Dependent	\$19,709	\$1,642
Medical Deduction	\$643	\$70
Aid and Attendance Without Dependents	\$21,466	\$1,788
Medical Deduction	\$643	\$54
Aid and Attendance With One Dependent	\$25,447	\$2,120
Medical Deduction	\$842	\$70
Two Vets Married to Each Other	\$16,851	\$1,404
<b>Add</b> for Each Additional Child	\$2,198	\$183

**Death Pension -- Maximum Annual Pension Rates (MAPR) 2015-16**

<b>For a Surviving Spouse</b>	<b>Yearly</b>	<b>Monthly</b>
Without Dependent Child	\$8,629	\$719
Medical Deduction	\$431	\$36
With One Dependent Child	\$11,296	\$941
Medical Deduction	\$564	\$47
Housebound Without Dependents	\$10,547	\$864

Medical Deduction	\$423	\$36
Housebound With One Dependent	\$13,209	\$1,101
Medical Deduction	\$564	\$47
Aid and Attendance Without Dependents	\$13,794	\$1,149
Medical Deduction	\$431	\$36
Aid and Attendance With One Dependent	\$16,455	\$1,413
Medical Deduction	\$564	\$47
Add for Each Additional Child	\$2,198	
MAPR FOR CHILD ALONE	\$2,198	