



Veterans Administration (VA) Improved Pension

This is a basic general outline only and the information is subject to change. The numbers are current as of 09/22/2017.

VA Improved Pension Overview	<p>VA is able to assist certain veterans or surviving spouses of deceased wartime veterans who have not remarried, and who apply for a VA pension benefit, to help with costs incurred by the claimant for medical expenses, care at assisted living facilities, nursing homes, or for care provided to them in their own homes. This pension is referred to as the Improved Disability Pension when paid to the veteran, or the Improved Death Pension if it is paid to the veteran’s surviving spouse who has not remarried. See page 7 for the maximum potential improved pension benefit amounts.</p> <p>In order to qualify for the VA Improved Pension, the claimant must be both “eligible” and “entitled.” “Eligibility” is determined by the claimant’s age or disability, and the veteran’s wartime service. “Entitlement” is established by the claimant meeting certain income and net worth requirements.</p>
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VA Improved Pension Eligibility – Veteran Status	<p>To be eligible for the Improved Pension, the applicant must be aged 65 or older, or permanently and totally disabled. The veteran also must meet the wartime service requirements, which are as follows :</p> <ul style="list-style-type: none"> • He/she served for at least 90 days of active military service, with at least one day of active service during a wartime period; unless he/she entered active duty after September 7, 1980, in which case, generally, he/she must have served at least 24 months, and/or have served the full period for which he/she was called or ordered to active duty. There are some exceptions to this general rule. Serving in combat is not a requirement. Merchant Marine service after August 15, 1945 does not qualify as active duty; therefore Merchant Mariners who served after that date are ineligible for VA compensation and pensions. • He/she was not dishonorably discharged from service.
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Congress has designated the following dates as wartime service:*

War/Conflict	Begin Date	End Date
World War I	April 6, 1917	November 11, 1918
World War II	December 7, 1941	December 31, 1945
World War II Ocean-Going Merchant Marine	December 7, 1941	August 15, 1945
Korean Conflict	June 27, 1950	July 27, 1954
Vietnam Conflict (In-Country Military Advisors Only)	February 28, 1961	August 4, 1964
Vietnam Conflict (All Service)	August 5, 1964	July 7, 1975
Persian Gulf (Desert Shield & Desert Storm)	August 2, 1990	Not determined

* Veterans of other conflicts or expeditionary forces in Lebanon, Grenada, Panama, Somalia, Yugoslavia, and Afghanistan may also be eligible.

<p>VA Improved Pension Eligibility – Disability</p>	<p>There are two different kinds of Improved Pension payments that assist with long-term care expenses, and each have different eligibility requirements for establishing disability:</p> <ol style="list-style-type: none"> 1. <u>Housebound Allowance:</u> To qualify for the Housebound Allowance, the claimant must have unreimbursed medical expenses and a disability that could be rated at 60% incapacitating, or be “permanently housebound.” An individual is considered “permanently housebound” when he/she is substantially confined to his or her home (or care facility), or the immediate premises of the home or care facility, by reason of disability, if it is reasonably certain that the disability will continue throughout the claimant’s lifetime. 2. <u>Aid and Attendance (A&A):</u> Claimants who have unreimbursed medical expenses and a higher need for care than is required to receive the Housebound Allowance, are usually medically eligible for A&A benefits. Medical eligibility for A&A is established when the claimant provides proof that he/she is: <ul style="list-style-type: none"> • Totally blind, or so nearly blind as to have corrected visual acuity of 5/200 in both eyes or concentric contraction of the visual field to five degrees or less, OR • Living in a nursing home or assisted living due to mental or physical incapacity, OR • Unable perform one or more activities of daily living (mobility, toileting, dressing, grooming, transferring, and bathing), OR • Incapacitated by a mental or physical condition to the extent he/she requires the aid and attendance of a third-party for his/her safety. <p>An eligible claimant can receive either the Housebound Allowance or Aid and Attendance, but not both at the same time.</p>
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<p>VA Improved Pension – Net Worth</p>	<p>In order for a claimant to be entitled to the improved pension benefit, he or she must also meet net worth and income requirements. Net worth means the net value of the assets of the veteran and his or her dependents, or his surviving spouse, at the time the VA application is submitted. It includes assets such as bank accounts, stocks, bonds, mutual funds, and real property other than the claimant’s residence. The residence is excluded if it is on a “reasonable lot area” determined by the size and value of other houses in the vicinity. A home mortgage is not allowed as a deduction from net worth for an excluded residence.</p> <p>There is no “official” set limit on how much net worth a veteran and his dependents, or his surviving non-remarried spouse, can have, but net worth cannot be “excessive.” Net worth refers to net income after deduction of medical expenses and value of all countable assets. The decision as to whether net worth is excessive depends on the facts of each individual case, including the household income, family expenses, the claimant’s life expectancy, and the liquidity of assets. However, it is generally presumed by the VA that a single person can have up to \$50,000 and a married couple can have up to \$80,000. There is no penalty for transfers or gifts of property; however, transfers or gifts to people residing in the same household will not reduce the countable net worth. In addition, a gift made to someone other than a relative residing in the household will not be recognized as reducing net worth unless it is clear that the individual who gave away the property has given up all rights of ownership, including the right of control of the property.</p>
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<p>VA Improved Pension – Income Entitlement</p>	<p>In addition to the “entitlement” net worth requirements, to establish eligibility the countable current household income, after allowable deductions, cannot exceed the income limits listed below on page 7.</p> <p>Most, but not all, of what otherwise would normally be considered income is counted in the income “entitlement” determination. Countable income includes income received by the veteran and his/her dependents from most sources, except those sources specifically excluded by federal statute. Examples of countable income include wages, Social Security payments, and annuity payments. Interest and dividends are countable income as well, unless the interest cannot be obtained without substantial penalty, such as interest paid on a CD prior to its maturity. Some common types of income that are excluded from the VA’s entitlement determination include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Welfare benefits • Supplemental Security Income (SSI) • Profit from the sale of non-business real or personal property, except for amounts received in excess of the sale price, such as interest on deferred sales • The value of maintenance paid by a friend, relative or charitable organization (civic or governmental) • VA pension benefits and survivor benefit annuity.
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VA Improved Pension – Income Entitlement (continued)

In addition, the following medical expense deductions reduce a family’s countable income:

Unreimbursed medical expenses: Amounts paid by the veteran or spouse for unreimbursed qualified medical expenses that are expected to occur within the next 12-months from when you apply for pension benefits, the “annualization period,” are deducted, regardless of when the cost was incurred. Qualifying medical expenses that may be allowed as a deduction include, but are not limited to:

- Abdominal supports
- Acupuncture service
- Ambulance hire
- Anesthetist
- Arch supports
- Artificial limbs and teeth
- Back supports
- Braces
- Cardiographs
- Chiropodist
- Chiropractor
- Convalescent home (for medical treatment only)
- Crutches
- Dental service, for example, cleaning, x- ray, filling teeth
- Dentures
- Dermatologist
- Drugs, prescription and nonprescription
- Gynecologist
- Hearing aids and batteries
- Home health services
- Hospital expenses
- Insulin treatment
- Insurance premiums, for medical insurance only
- Invalid chair
- Lab tests
- Lip reading lessons designed to overcome a disability
- Lodging incurred in conjunction with out-of-town travel for treatment (to be determined on a case-by-case basis)
- Medicare Part B premiums
- Neurologist
- Nursing services for medical care, including nurse’s board paid by claimant
- Occupational therapist
- Ophthalmologist
- Optician
- Optometrist
- Oral surgery
- Osteopath, licensed
- Pediatrician
- Physical examinations
- Physician
- Physical therapy
- Podiatrist
- Psychiatrist
- Psychoanalyst
- Psychologist
- Psychotherapy
- Radium therapy
- Sacroiliac belt
- Seeing-Eye dog and maintenance
- Speech therapist
- Splints
- Surgeon
- Telephone/teletype special communications equipment for the deaf
- Transportation expenses for medical purposes (23.5 cents per mile effective January 1, 2014, plus parking and tolls or actual fares for taxi, buses)
- Vaccines
- Wheelchairs
- Whirlpool baths for medical purposes
- X-rays

NOTE: Medical expenses related to the last illness of a deceased veteran are considered as a separate deduction (see page 8).

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VA Improved Pension – Income Entitlement (continued)

Unreimbursed medical expenses (continued):

Qualifying medical expenses may be allowed as an income deduction only when **ALL** of the following five conditions apply:

Condition	Description
(1) Normally expenses must be actually paid by the claimant or spouse during the annualization period	The annualization period is the twelve months after the date you apply for benefits, or if you are already receiving a pension it is the first twelve months you were receiving a pension. The claimant or spouse must have actually paid the expenses. Unless medical expenses can be allowed prospectively as set forth below, no deduction is allowed for expenses which are due, but not yet actually paid. Example: when you apply for benefits you predict that the monthly medical expenses you provided to VA and paid will continue for the next twelve months. Once you have been on the program for twelve months, the VA will ask you for a total of all the expenses that you already paid. For the initial application you are assuming your expenses continue for the next year and every year you are on the program you have to provide a total of what you actually paid.
(2) Expenses are unreimbursed	The claimant or spouse has not received, and will not receive, reimbursement for the medical expenses from insurance or any other source.
(3) Expenses were for claimant or relative who is a member of household	The expenses were incurred, or will be incurred as set forth below, on behalf of the veteran, spouse, children, parents and other relatives for whom there is a moral or legal obligation of support who is a member or constructive member of the claimant's household. <i>Note:</i> "Constructive member" means that the expenses can be for a spouse in a nursing home, a child away at school, or a similar situation.
(4) Expenses were paid on or after date of pension entitlement or date of veteran's death (if after date of pension entitlement)	The expenses were paid on or after: <ul style="list-style-type: none"> • The effective date of entitlement to Improved Pension, or • The date of the veteran's death, when the date of the veteran's death is later than the date of death pension entitlement.

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VA Improved Pension – Income Entitlement (continued)

Unreimbursed medical expenses (continued):

Condition	Description
(5) Expenses exceed five percent deductible	<p>The unreimbursed medical expenses can only be deducted to the extent they exceed five percent of the applicable maximum annual pension rate (MAPR) (see page 7 below). (This is also called the “five percent deductible.”) For purposes of determining the five percent deductible:</p> <ul style="list-style-type: none"> • The VA allows additional deductions for medical expenses for dependents (and for World War I veterans) above the applicable MAPR, <u>but</u> • The VA only allows such additional deductions under the basic Improved Pension benefit, <u>NOT</u> for the Aid and Attendance (A&A) or Housebound benefits.

Prospective Medical Expenses:

Normally, the VA deducts medical expenses from a pension award only based on the claimant’s report of expenses already paid by the claimant during the first 12 months a client is eligible for pension benefits. However, the VA may allow anticipated future medical expenses to be deducted in the calculation of countable income received if the claimant is paying recurring nursing home fees or other “reasonably predictable” medical expenses. The allowed deductible future medical expense are based on the expenses projected to be incurred beginning with the month after the month in which the medical expenses are first paid.

At the end of the reporting period, typically one year after receiving the pension, i.e. during the annualization period, the VA will request verification of the actual medical expenses paid during the calendar year and will adjust the pension award to reflect the actual amounts paid.

EXCEPTION: If a portion of the initial 12 months of eligibility falls within the review period, the VA will allow either the actual or the previously projected medical expenses for the initial period, whichever is greater.

EXCEPTION EXAMPLE:

1. During the initial eligibility period of 09/2015 through 09/2016, the amount of medical expenses allowed prospectively for the time period of 09/2015 through 09/2016 was \$26,835.
2. In 02/2017, the claimant reports paying \$25,818 during calendar year 2016.
3. The VA allows the greater amount (in this case the prospectively allowed expenses of \$26,835) during the portion of the calendar year that overlaps with the initial period, which is 01/2016 to 09/2016, and then adjusts the award effective 10/2016 to allow for the lower amount of medical expenses (the actual medical expenses paid, \$25,818).

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2017 Income Entitlement Limits & Maximum Annual Pension Rates (MAPR) for VA Improved Pension

<i>If the claimant is...</i>	<i>The annual household income must be less than, and the maximum pension rate is:</i>	<i>5% of the MAPR (the five percent deductible) is</i>
Veteran: Single	\$12,907	\$645 per year
Veteran: Single, Housebound	\$15,773	
Veteran: Single, Needs A&A	\$21,531	
Veteran: Married	\$16,902	\$845 per year
Veteran: Married, Housebound	\$19,770	
Veteran: Married, Needs A&A	\$25,525	
Surviving Spouse	\$8,656	\$432 per year
Surviving Spouse: Housebound	\$10,580	
Surviving Spouse: Needs A&A	\$13,836	

** Higher limits are applicable to claimants with dependent children.

See below for examples of how VA calculates deductible medical expenses, countable income for VA purposes and the monthly pension benefit amount.

<p>VA Improved Pension – Income Entitlement (continued)</p>	<p><u>Expenses of last illnesses, burials and just debts:</u> The following <i>expenses</i> may be deducted from annual income of the surviving spouse in addition to the standard medical expenses of the surviving spouse and his or her dependents:</p> <ul style="list-style-type: none"> • Amounts paid by a spouse before a veteran's death for expenses of the veteran's last illness. The term “last illness” refers to the medical condition that was the primary or secondary cause of a person’s death as indicated on the person’s death certificate. • Amounts paid by a surviving spouse for the veteran's “just debts” and burial. The term “just debts” includes debts that the veteran and spouse incurred jointly, but does <u>not</u> include any debt that is secured by real or personal property. <p>Final expenses are deductible only for the 12-month annualization period in which they were paid, except that expenses which are paid during the calendar year following the year in which the veteran’s death occurred may be deducted from annual income by either of the following methods, whichever is to the claimant’s advantage:</p> <ul style="list-style-type: none"> • For the 12-month annualization period in which they were paid; OR • For any 12-month annualization period which begins during the calendar year of death.
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<p>Calculation of Amount of Improved Pension Benefit</p>	<p>Once the VA determines that the entitlement and eligibility requirements have been met, they calculate the amount of the annual benefit the claimant will receive. Although the annual benefit amount is calculated based on annual income and medical expenses, the benefit check is sent monthly. The annual benefit amount is divided by twelve to determine the monthly benefit amount.</p> <p>The claimant’s maximum benefit amount is the same as the maximum income limit. The five percent deduction amount also applies to both calculating the income limit as well as the benefit amount. See examples below.</p> <p>To calculate the amount of the benefit, the VA subtracts the allowable deductions from the household income and compares the resulting net income to the applicable pension income limit (see below). The net income is then subtracted from the applicable pension income limit and the difference is the amount of pension benefit to which the claimant is entitled. The only exception is for a claimant without a spouse or dependents who resides in a nursing home, other than the Arizona State Veteran Home in Phoenix, and who is receiving Medicaid long term care benefits [in Arizona this Medicaid benefit is administered through the Arizona Long Term Care System (ALTCS)]. If this exception applies, then the claimant is only entitled to a maximum of \$90.00 per month.</p>
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<p>VA Application Process</p>	<p>The application process through VA typically takes anywhere from five to twelve months. Once the application is approved, the VA will reimburse the applicant retroactive to the month after the initial application was made.</p>
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VA Improved Pension – Income Calculation Example #1

Mr. and Mrs. X currently live at Home Sweet Home assisted living facility. Mrs. X is a wartime veteran. Mrs. X’s doctor has determined that she is in need of assistance with her activities of daily living, and Mr. X’s doctor has certified that Mr. X also needs the care that the facility provides. Mrs. X receives \$1,500.00 each month in Social Security and Mr. X receives \$900.00 from Social Security and a monthly pension of \$300.00 from his previous employer. The couple, therefore, receives a total of \$2,700.00 each month, \$32,400 per year, from all sources of income.

Since the couple is in an assisted living facility and Mrs. X requires assistance with her activities of daily living, the annual income limit/maximum annual pension rate (MAPR) for Mrs. X is \$25,525 for the Aid and Attendance (A&A) pension. Mr. and Mrs. X pay \$3,000.00 per month, for a total of \$36,000 per year, to the assisted living facility which takes all of their income and forces them to start spending from their savings.

Mrs. X’s deductible medical expenses are calculated as follows:

Total annual medical expenses	\$36,000
Minus the five percent deductible	– \$845
Equals deductible medical expenses	\$35,155

Mrs. X’s countable income for VA purposes is calculated as follows:

Total annual income	\$32,400
Minus deductible medical expenses	– \$35,155
Equals countable income for VA purposes	\$0

Mrs. X’s monthly pension benefit amount is calculated as follows:

Maximum annual pension rate for married veteran in need of A&A	\$25,525
Minus countable income for VA purposes	– \$0
Equals annual pension benefit amount	\$25,525
Divided by	÷ 12 months
Equals monthly pension benefit subtotal	\$2,127.08
Rounded down to the nearest dollar, the monthly pension benefit amount is	\$2,127

So Mrs. X will continue to receive \$2,127 from VA each month until her husband’s or her non-VA income or allowable medical expenses change, at which time she will need to report the change to VA so they can recalculate the monthly pension benefit.

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VA Improved Pension – Income Calculation Example #2

Mr. A is a single wartime veteran who lives in his own home. He pays medical insurance co-payments of \$100 per month for a total of \$1200 per year for his regular doctor’s visits and his cholesterol medication and prescription vitamins. These are his only unreimbursed allowable medical expenses. Mr. A receives \$900 from Social Security each month for a total of \$10,800 per year. The Social Security payments are his only countable income.

Mr. A’s deductible medical expenses are calculated as follows:

Total annual medical expenses	\$1200
Minus the five percent deductible	– \$645
Equals deductible medical expenses	\$555

Mr. A’s countable income for VA purposes is calculated as follows:

Total annual income	\$10,800
Minus deductible medical expenses	– \$555
Equals countable income for VA purposes	\$10,245

Mr. A’s monthly pension benefit amount is calculated as follows:

Maximum annual pension rate for single veteran who is not in need of A&A and is not housebound	\$12,907
Minus countable income for VA purposes	– \$10,245
Equals annual pension benefit amount	\$2,662
Divided by	÷ 12 months
Equals monthly pension benefit subtotal	\$221.83
Rounded down to the nearest dollar, the monthly pension benefit amount is	\$221

So Mr. A will continue to receive \$221.00 from VA each month until his non-VA income or his allowable medical expenses change, at which time he will need to report the change to VA so they can recalculate the monthly pension benefit amount.

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VA Improved Pension – Income Calculation Example #3

Mrs. Z is the surviving spouse of a deceased wartime veteran. She has not married again. Mrs. Z has a severe heart condition and she requires a great deal of medication and monthly visits to a cardiologist. Her mobility is also restricted. Since Mrs. Z also has cataracts, she can't drive or leave her home without assistance. Mrs. Z receives \$850 from Social Security each month and a survivor's pension of \$90 per month from her husband's former employer, so her total annual income is \$11,280. She pays \$700 each month for a total of \$8,400 per year, for her medical care.

Mrs. Z's deductible medical expenses are calculated as follows:

Total annual medical expenses	\$8,400
Minus the five percent deductible	– \$432
Equals deductible medical expenses	\$7,968

Mrs. Z's countable income for VA purposes is calculated as follows:

Total annual income	\$11,280
Minus deductible medical expenses	– \$7,968
Equals countable income for VA purposes	\$3,312

Mrs. Z's monthly pension benefit amount is calculated as follows:

Maximum annual pension rate for a housebound surviving spouse	\$10,580
Minus countable income for VA purposes	– \$3,312
Equals annual pension benefit amount	\$7,268
Divided by	÷ 12 months
Equals monthly pension benefit subtotal	\$605.66
Rounded down to the nearest dollar, the monthly pension benefit amount is	\$605

So Mrs. Z will continue to receive \$605.00 from VA each month until her non-VA income or her allowable medical expenses change, at which time she will need to report the change to VA so they can recalculate the monthly pension benefit amount.