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Veterans Administration Pension Summary

2019 Program Eligibility Criteria after the Net Worth Rule Effective October 18, 2018

The U.S. Department of Veterans Affairs, commonly called the Veterans Administration, is divided into two branches: the Veterans Health Administration (VHA), which operates VA hospitals and medical care, etc., and the Veterans Benefits Administration (VBA), which operates other programs, including service-connected disability Compensation, and non-service-connected Pension.

This summary addresses the eligibility criteria for non-service-connected VA Pension. Eligibility may be granted for a wartime Veteran, or for the surviving spouse or surviving dependent child of a wartime Veteran. Additional information is available on the VA website at <https://www.benefits.va.gov/pension/index.asp>

Wartime Periods <https://www.benefits.va.gov/pension/wartimeperiod.asp>

- World War II (December 7, 1941 – December 31, 1946)
- Korean conflict (June 27, 1950 – January 31, 1955)
- Vietnam era (February 28, 1961 – May 7, 1975 for Veterans who served in the Republic of Vietnam during that period; otherwise August 5, 1964 – May 7, 1975)
- Gulf War (August 2, 1990 – through a future date to be set by law or Presidential Proclamation)

Active Duty Requirement and Discharge Other than Dishonorable

The Veteran must have met the following service requirements:

- **For service on or before September 7, 1980, the Veteran must have served at least 90 days of active military service, with at least one day during a war time period.** The 90 days must be consecutive, unless all 90 were during war time.
- If he or she entered active duty after September 7, 1980, generally he or she must have served at least 24 months or the full period for which called or ordered to active duty with at least one day during a war time period, whichever is shorter.
- **Was discharged from service under other than dishonorable conditions.**

The Veteran must either be age 65 or older, or be rated as 100% disabled by the VA.

An un-remarried surviving spouse may be eligible at any age, but a child of a deceased wartime Veteran must be:

- Under 18, **OR**
- Under age 23 if attending a VA-approved school, **OR**
- Permanently incapable of self-support due to a disability obtained before age 18.

Net Worth Limit (a bright-line criterion established by the October 18, 2018 Rule)

The household “net worth” limit was \$123,600 for pension applications filed on or after October 18, 2018. The net worth limit and VA pension benefit numbers increase by 2.8% for 2019, just as Social Security benefits do. The net worth limit for 2019 is \$127,061 for claimants filing from December 1, 2018 to November 30, 2019.

Net Worth Calculation

Beginning on 10/18/18, **net worth** is the sum of household “**covered assets**” plus household gross income minus **unreimbursed medical expenses (UME)**. “Household” refers to the Veteran plus spouse and/or dependent children. So, **net worth = covered assets + annual “IVAP”**, described below.

Income for VA Purposes (IVAP)

The claimant is always the wartime Veteran if he or she is alive, even if the spouse or dependent children are the people with high UME. “**Income for VA Purposes**” is the claimant’s gross household income minus unreimbursed medical expense (UME). UME consists of allowed medical expenses to the extent that they are not reimbursed by health insurance, long-term care insurance, Medicaid, or payments by other sources, such as family members, minus 5% times the **Maximum Base Pension Rate** for the category of benefit applied for, described below (veteran with or without dependent; surviving spouse with or without dependent, etc.).

Although UME may be greater than gross income, effectively requiring the claimant to spend assets to cover the costs of the UME, the calculated IVAP never goes below zero.

Maximum Annual Pension Rate (MAPR)

VA pension benefits are calculated on an annual basis. The monthly benefit is the annual benefit divided by 12. The category of benefit that the claimant applies for depend on whether the claimant is the wartime Veteran, with or without a spouse and/or dependent children, the surviving spouse of a wartime Veteran, or a surviving dependent child of a wartime Veteran.

The **base pension** level for a Veteran or surviving spouse who doesn’t qualify as housebound or needing aid and attendance is determined solely by financial need (low income) rather than by financial and medical need.

An additional benefit is available if the claimant is “**housebound**”, and an even higher benefit is available if the claimant is rated as needing daily “**aid and attendance**” of caregivers. Pension with aid and attendance is actually the most common scenario in our experience. This is because costs of caregiving and facility room and board may qualify as UME, often zeroing out the claimant’s household gross income in the calculation of IVAP.

Pension Benefit Calculation

A single claimant with no spouse or dependent child, who is receiving Medicaid long term care in a nursing home, receives \$90 per month. This \$90 per month is non-countable as income for Medicaid purposes. Other than that one exception, the following chart determines the claimant’s benefit.

MAPR – IVAP = Benefit

- If IVAP = 0, the benefit is the MAPR
- If IVAP is > 0 but < MAPR, benefit = MAPR – IVAP
- If IVAP is = or > MAPR, benefit = 0

MAPR in Dollars

See the current VA Pension Benefit Figures chart for Wartime Veteran and Surviving Spouse (“Death Pension”) for a single claimant or a claimant with spouse and/or dependent children. As mentioned above, while living, the wartime Veteran is always the claimant. The benefit level is determined by the claimant’s VA medical rating.

Transfer Penalty and Look-back Period (beginning October 18, 2018)

A transfer of “covered assets” within the 36-month “look-back period” before the month of the VA application (but not before October 18, 2018) causes a transfer penalty (ineligibility) if it reduced the claimant’s household net worth below the net worth limit. Additionally, a purchase of an annuity causes a transfer penalty if it reduces net worth below the net worth limit even though it is not a true transfer. The maximum transfer penalty is 60 months.

Transfer Penalty Calculation

The new VA transfer penalty is calculated as follows: The value of “covered assets” transferred or used to purchase an annuity (on or after 10/18/18) to the extent that the covered assets would have caused the claimant’s net worth to exceed the net worth limit is divided by the penalty divisor, which is the maximum monthly pension rate (MAPR/12) for a wartime Veteran with one dependent and claimant is at the aid and attendance level. From 10/18/18 to 11/30/18, the divisor was \$2,169. **The divisor from 12/1/2018 to 11/30/19 is \$2,230.**

Assets that are not “covered assets” include the primary residence on land of no more than two acres, plus excess acreage that is unsaleable; an automobile; or irrevocable prepaid funeral plans or mortuary trusts.

Transfers of non-covered assets within the VA look-back period do not cause a VA pension transfer penalty.

Note, however, that such transfers may cause a transfer penalty for Medicaid long term care or residential care eligibility purposes, unless an exception applies.