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Veterans' Benefits: Pension Benefit Programs

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Summary

This report discusses selected veteran pension programs administered by the Department of Veterans Affairs (VA):

- The **Improved Disability Pension** makes payments to certain low-income veterans. In FY2013, the program paid an average benefit of about $11,300 to about 310,000 beneficiaries.
- The **Improved Death Pension** makes payments to certain low-income spouses or children of deceased veterans. In FY2013, the program paid an average benefit of about $7,000 to about 210,000 beneficiaries.
- The **Medal of Honor Pension** makes payments to veterans who were awarded the Medal of Honor. Fewer than 100 veterans qualify for that pension.

This report also discusses the eligibility criteria and current benefit levels of these programs and provides data on the number of pension beneficiaries and average annual benefit amounts for FY1999 through FY2013.

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Overview

The Department of Veterans Affairs (VA) administers pension programs for certain low-income veterans and their surviving spouses and dependent children. This report discusses the Improved Disability Pension, which makes payments to certain low-income veterans, and the Improved Death Pension, which makes payments to certain low-income surviving spouses and dependent children of deceased veterans. To qualify for either program, individuals must have become eligible for payments on or after January 1, 1979. Both pension programs were created by P.L. 95-588, the Veterans and Survivors Pension Improvement Act of 1978.

In addition, this report discusses a special pension program for Medal of Honor recipients.

This report does not discuss several other pension programs that are administered by the VA, such as the Old Law Disability Pension and the Section 306 Disability Pension, which make payments to low-income veterans, and the Old Law Death Pension and the Section 306 Death Pension, which make payments to low-income surviving spouses and dependent children of veterans; these programs apply only to veterans and their survivors who became entitled to such benefits before 1979.

This report also does not discuss pension programs for veterans of specific periods of war before World War I, such as the Civil War, the Indian Wars, and the Spanish-American War.

Finally, this report does not address the military retirement system. For information on that system, see CRS Report RL34751, *Military Retirement: Background and Recent Developments*, by Kristy N. Kamarck.

The Improved Disability Pension Benefit

The Improved Disability Pension provides a monthly benefit to certain low-income veterans. The monthly benefit is based on a maximum annual benefit, and the actual benefit received by the veteran is reduced by the veteran's "countable" income. A veteran with countable income above the maximum annual benefit amount is not eligible for the pension.

Maximum Annual Benefit Amount

The maximum annual benefit amounts for the veterans' pension benefit are set in statute[1] and are based on the presence of a spouse or dependent child (or children) and whether the beneficiary needs additional care or is housebound.[2] The annual benefit amounts are adjusted automatically by law each year to reflect a cost-of-living adjustment (COLA) equal to the COLA for Social Security benefits.[3] For example, effective with the payment for December 1, 2014 (which was made in January 2015), the maximum annual amount for the pension benefit is $12,868 for a veteran and $16,851 for a veteran with one dependent. If two veterans are married to each other, the maximum annual amount is $16,851, the same as for a veteran with one dependent.

[1] 38 U.S.C. §1521(b)-§1521(g).

[2] Aid and attendance is provided when a veteran needs another person's help to perform activities of daily living, such as eating, dressing, or taking a shower.

[3] 38 U.S.C. §5312. For more information on the Social Security COLA, see CRS Report 94-803, *Social Security: Cost-of-Living Adjustments*, by Gary Sidor.

The maximum annual benefit amount is higher if the veteran either requires additional care, known as "aid and attendance," or is housebound.[4] An individual's benefit can be increased for only one of those reasons; the beneficiary cannot receive both Aid and Attendance benefits and Housebound benefits.

Aid and Attendance

Claimants eligible for the pension may be eligible for a higher benefit when additional care and services (aid and attendance) are needed, such as assisted living or in-home care. For payments made in 2015, the maximum annual benefit for a claimant without dependents who is in need of aid and attendance is $21,466.

The necessity for aid and attendance is presumed when either (1) the claimant is a patient in a nursing home or (2) the claimant is blind or has a severe visual impairment.[5] The necessity for aid and attendance is also considered to exist when either

- the veteran requires the aid and assistance of another person in order to perform personal functions required in everyday living, such as bathing, feeding, dressing, attending to the wants of nature, adjusting prosthetic devices, or protecting himself or herself from the hazards of his or her daily environment; or
- the veteran is bedridden, in that his or her disability or disabilities require that he or she remain in bed, apart from any prescribed course of convalescence or treatment.

All the factors listed above do not have to be present for the beneficiary to receive a higher maximum pension benefit due to the need for aid and attendance. The totality of the circumstances guides the determination of need. The pension claimant does not need to demonstrate the need for round-the-clock care, but only a regular and ongoing need for the aid and attendance of another person.

Under current law, a veteran without a spouse or dependents who lives in a nursing home where care is being provided or paid for by the VA or Medicaid may have his or her pension reduced to $90 a month.[6] This provision expires on September 30, 2016.

Housebound

Claimants eligible for the pension may be eligible for a higher benefit when they are housebound. For payments made in 2015, the maximum annual benefit for a housebound claimant without dependents is $15,725.

A pension claimant must meet either of the following requirements to have a higher maximum pension amount due to being housebound:

[4] Department of Veterans Affairs, *Veterans Pension Rate Table – Effective 12/1/14,* at http://www.benefits.va.gov/PENSION/current_rates_veteran_pen.asp.

[5] Definitions of aid and attendance and housebound can be found in 38 C.F.R. §3.351. For a general overview, see U.S. Department of Veterans Affairs, Pension: Aid and Attendance and Housebound, at http://benefits.va.gov/pension/aid_attendance_housebound.asp.

[6] 38 U.S.C. §5503. Veterans who reside in state veterans nursing homes where the VA pays a per diem for their care may not have their pension reduced.

- The claimant has a single permanent disability evaluated as 100% disabling and, due to such disability, the claimant is permanently and substantially confined to his or her immediate premises.
- The claimant has a single permanent disability evaluated as 100% disabling and also has another disability, or combination of disabilities, evaluated as 60% or more disabling.

Essentially, a person is considered "housebound" when he or she is substantially confined to a dwelling and the immediate premises due to a disability and it is reasonably certain that this confinement will continue throughout that person's lifetime. A "dwelling" includes not only the claimant's home, but also any other place he or she is living, such as a care facility. Additionally, if the claimant is unable to leave the dwelling without the assistance of another, such as when a disability prevents the claimant from being able to drive, the claimant is considered housebound.

Eligibility Criteria

To be eligible for the pension benefit, a veteran must meet eligibility criteria related to combat/period of service; income/net worth; and age or disability.

Combat/Period of Service Criteria for Pension Eligibility

A veteran must meet military service requirements related to combat, or service during a period of war, to be eligible for the pension benefit.[7] Specifically, a veteran must have been discharged from military service under conditions *other than dishonorable* and must have served in the active military either

- for at least 90 days during a period of war;[8]
- during a period of war and was released from service for a service-connected disability;
- for 90 or more consecutive days which began or ended during a period of war; or
- for a total of 90 days or more in two or more separate periods of service during one or more periods of war.

Income/Net Worth Limits for Pension Eligibility

As noted previously, the pension benefit for a veteran who meets the other eligibility requirements (combat/period of service and age or disability) is calculated by subtracting the veteran's annual countable income from the annual maximum benefit; that is, the benefit amount is reduced dollar-for-dollar by countable income. A veteran with annual countable income above the annual maximum benefit amount receives no pension benefit.

In addition, no benefit is paid to a veteran who has significant wealth, defined as a net worth large enough that it would be reasonable for part of that wealth to be used for the veteran's maintenance.[9] Neither law nor regulation specifies an amount of assets that would make a veteran ineligible for a pension due to excess net worth. In January 2015, the VA published a Notice of

[7] 38 U.S.C. §1521(j).

[8] For information on periods of war, see CRS Report RS21405, *U.S. Periods of War and Dates of Recent Conflicts*, by Barbara Salazar Torreon.

[9] 38 U.S.C. §1522.

Proposed Rulemaking (NPRM) proposing regulatory changes to the pension eligibility rules that would establish a fixed monetary limit on net worth and provides for a 36-month look back period during which assets transferred for less than market value would be counted toward net worth.[10]

Annual countable income includes income from nearly all sources. However, several specific sources of income are excluded from annual countable income determinations, including[11]

- donations from public welfare or private relief organizations;
- pension benefits administered by the VA;
- expenses paid by a veteran's spouse (or the veteran's surviving spouse or child) for the veteran's last illness, burial, or debts;
- amounts paid by the veteran for the last illness and burial of the veteran's spouse or child;
- amounts paid by a veteran's spouse for the last illness and burial of the veteran's child;
- insurance reimbursement for property casualty loss (up to the greater of fair market value or replacement value);
- profit from disposing of personal or real property (other than in the course of business);
- amounts in joint accounts the veteran acquires by the death of the other owner(s);
- amounts paid by the veteran, spouse, or child for unreimbursed medical expenses (limited to the excess above 5% of the pension benefit);
- up to $5,000 paid as a veteran's benefit due to injury or disease by a state or municipality (for determinations of income for calendar years beginning after October 1, 2011);[12] and
- amounts paid by a veteran or surviving spouse to pursue education, vocational rehabilitation, or training, including tuition, fees, books, and (if the veteran or surviving spouse requires aid and attendance) travel expenses above reasonable expenses for a nondisabled person.

Section 509 of the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012, P.L. 112-154, expanded and clarified the exclusions to specifically exclude expenses for replacement or repair of equipment, vehicles, items, money, or property as a result of any accident, theft or loss, or casualty loss, up to the greater of fair market value or replacement value.

Disability/Age Requirements for Pension Eligibility

To be eligible for the pension benefit, a veteran must be totally disabled due to a non-service connected injury, illness, or combination thereof that is not a result of the veteran's willful misconduct.[13] However, to determine if a veteran is totally disabled, the Secretary of Veterans

[10] Department of Veterans Affairs, "Net Worth, Asset Transfers, and Income Exclusions for Needs-Based Benefits," 15 *Federal Register* 3840, January 23, 2015.

[11] 38 U.S.C. §1503.

[12] This provision was part of the Veterans' Benefits Act of 2010 (P.L. 111-275).

[13] 38 U.S.C. §1513 and 38 U.S.C. §1521. The VA rates disability on a scale of 0% to 100% in 10% increments, with

Affairs may combine the disability ratings for service-connected disabilities with the disability ratings for non-service connected disabilities. However, if the veteran's service-connected disabilities have contributed to making the veteran eligible for the pension benefit, the veteran receives the greater of the pension benefit or the VA disability compensation benefit (for the service-connected disabilities).[14] A veteran cannot receive both disability compensation and the pension benefit.

P.L. 107-103, the Veterans Education and Benefits Expansion Act of 2001, extended the pension benefit to veterans aged 65 or older, regardless of disability status (or disability rating), who meet the other pension requirements (combat/period and income/net worth).

Other Pension-Related Provisions

The pension benefit for a veteran convicted of a felony or misdemeanor is stopped beginning 61 days after the veteran is imprisoned, and it resumes when the imprisonment ends. The veteran's pension benefit may be paid to the veteran's spouse or dependent children during the veteran's imprisonment.

To apply for the pension benefit, a veteran must complete and submit VA Form 21-526, which is the application form for both disability compensation and the pension benefit. As part of the claims process, the veteran receives a disability rating, which may require a physical examination.

Interaction with Social Security and Supplemental Security Income

Countable income for the veterans' pension benefit includes any Social Security benefits received. Therefore, the receipt of Social Security benefits can reduce or eliminate a veteran's pension benefit. Countable income does not include any Supplemental Security Income (SSI) payments received. However, because the SSI program includes veterans' benefits as unearned income in calculating the income limitations for SSI, a veteran's pension benefit could reduce the veteran's SSI benefit.[15]

The Improved Death Pension Benefit

The low-income surviving spouse or dependent child of a deceased veteran is eligible for the Improved Death Pension Benefit if the deceased veteran and surviving spouse or dependent child meet eligibility requirements.

Deceased Veteran

In general, survivors are eligible for the Improved Death Pension Benefit if the deceased veteran met the veteran's discharge and period of service requirements for the Improved Disability

100% being totally disabled and 0% indicating the presence of a service-connected disability, but one that is not severe enough to warrant compensation. The rating is used for pension and for disability compensation determinations.

[14] See "Disability Compensation" in CRS Report RL34626, *Veterans' Benefits: Disabled Veterans*, by Scott D. Szymendera et al.

[15] For more information on the SSI program, see CRS Report 94-486, *Supplemental Security Income (SSI)* and CRS Report RS20294, *Supplemental Security Income (SSI): Income/Resource Limits and Accounts Exempt from Benefit Determinations*, both by William R. Morton.

Pension.[16] However, survivors of an individual who had at least two years of honorable military service and who died in military service but not in the line of duty are also eligible for the Improved Death Pension.[17]

Surviving Spouse Eligibility Criteria for Death Pension

The surviving spouse cannot be remarried and must have been married to the deceased veteran:

- for at least one year[18] (there is no minimum if the surviving spouse and veteran had a child), or
- before December 14, 1944, for deceased veterans of the Mexican border period and World War I; before January 1, 1957, for deceased veterans of World War II; before February 1, 1965, for deceased veterans of the Korean conflict; before May 8, 1985, for deceased veterans of the Vietnam era; or before January 1, 2001, for deceased veterans of the Persian Gulf War.[19]

Surviving Child Eligibility Criteria for Death Pension

Surviving children must be under the age of 18 (age 23 or under if in school) or must have become incapable of self-care before the age of 18.

Income Criteria for Death Pension

The countable income for a surviving spouse or child is calculated like that of a veteran for the Improved Disability Pension. However, for a surviving spouse with custody of a deceased veteran's child, part of the child's income that is available to the surviving spouse may be included in countable income.[20] For a veteran's surviving child, current work income is excluded from countable income if the income is not more than the income level at which a federal income tax return must be filed[21] *plus* postsecondary education or vocational rehabilitation or training expenses paid by the child.[22] In addition, for a surviving spouse or child, any proceeds from a life insurance policy on the veteran are excluded from countable income.[23]

Maximum Benefit Amount

The maximum annual benefit amounts for surviving spouses and dependent children, like those for veterans, are set in statute and are automatically increased to reflect the COLA for Social Security benefits. For example, effective with the payment for December 1, 2014 (which was

[16] 38 U.S.C. §1541(a) and §1542(a).

[17] 38 U.S.C. §1541(h).

[18] Or previously married and the marriage was terminated prior to November 1, 1990. See the VA Survivors Pension Factsheet at http://benefits.va.gov/benefits/factsheets/survivors/Survivorspension.pdf.

[19] 38 U.S.C. §1541(f).

[20] 38 U.S.C. §1541(g).

[21] The income level at which a tax return must be filed (the filing requirement) is equal to the sum of the standard deduction and personal exemption amounts. For tax year 2014, the filing requirement for a single taxpayer is $10,150 for a single taxpayer under the age of 65, see Table 1.2014 Filing Requirements Chart for Most Taxpayers in IRS Publication 501 available at http://www.irs.gov/publications/p501/ar02.html#en_US_2014_publink1000220687.

[22] 38 U.S.C. §1503(a)(10).

[23] 38 U.S.C. §1503(a)(12).

made in January 2015), the maximum annual benefit amount is $8,630 for a surviving spouse without a dependent child and $11,296 for a surviving spouse with a dependent child. (An incremental benefit is paid for each additional dependent child.) Maximum annual benefit amounts are higher if the surviving spouse is housebound or requires aid and attendance. For a surviving child, the maximum annual benefit amount is $2,198.[24]

Medal of Honor Pension

A veteran who has been awarded a Medal of Honor is eligible for a monthly pension ($1,299.61 effective with the payment of December 1, 2014, which was paid in January 2015).[25] Eligibility for the pension is based solely on receipt of the Medal of Honor and is paid to any eligible individuals who elect to receive it. Receipt of the special pension does not reduce any other benefits under U.S. law. The benefit does not increase if a veteran receives more than one Medal of Honor.[26] The program is much smaller than the Improved Disability Pension and the Improved Death Pension, because there are fewer than 100 living Medal of Honor recipients.[27]

Pension Beneficiaries

Table 1 shows the number of pension beneficiaries and the average annual benefit amount by beneficiary category for FY1999-FY2013. In FY2013, 308,116 veterans received disability pension benefits and 210,450 survivors received death pension benefits.

Table 1. Number of VA Pension Beneficiaries and Average Annual Benefit Amount (in dollars) by Category, FY1999-FY2013

Fiscal Year	Number of Improved Disability Pension Beneficiaries (Veterans)	Average Annual Benefit Amount	Number of Improved Death Pension Beneficiaries (Survivors)	Average Annual Benefit Amount
1999	378,712	$5,677	274,106	$2,509
2000	364,220	$5,917	257,106	$2,571
2001	348,052	$6,244	241,467	$2,682
2002	346,579	$6,564	230,267	$2,821
2003	346,555	$6,879	223,553	$2,950
2004	342,903	$7,135	215,253	$3,107
2005	335,787	$7,682	206,594	$3,351
2006	329,856	$8,173	200,636	$3,644
2007	322,875	$8,634	194,641	$3,962
2008	315,763	$9,006	195,612	$4,341

[24] The annual benefit is divided into monthly payments. See the VA *Survivors Pension Tables – Effective 12/1/*14 at http://www.benefits.va.gov/pension/current_rates_survivor_pen.asp.

[25] See the VA *Special Benefit Allowances rates for 2014* at http://www.benefits.va.gov/compensation/special_Benefit_Allowances_2014.asp.

[26] 38 U.S.C. §1562.

[27] Congressional Medal of Honor Society, "Archive Statistics," at http://www.cmohs.org/medal-statistics.php.

Fiscal Year	Number of Improved Disability Pension Beneficiaries (Veterans)	Average Annual Benefit Amount	Number of Improved Death Pension Beneficiaries (Survivors)	Average Annual Benefit Amount
2009	314,245	$9,754	194,103	$4,999
2010	313,563	$10,080	198,832	$5,478
2011	313,665	$10,401	201,955	$5,905
2012	314,790	$11,038	207,453	$6,521
2013	308,116	$11,315	210,450	$6,988

Source: Congressional Research Service (CRS) based on data from Department of Veterans Affairs, *Annual Benefits Report*, various years, at http://www.benefits.va.gov/reports/annual_performance_reports.asp.

Author Information

Scott D. Szymendera
Analyst in Disability Policy

Carol D. Davis
Information Research Specialist

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