

# Non-Service Connected Pensions

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What is the VA's definition of Non – Service  
Connected Pension?

It's a needs – based program for veterans with war-time service who have little income and net worth.

# Basic Eligibility

38 CFR 3.2 and 3.3

1. Length of Service/Character of Discharge
2. Wartime Service
3. Permanent and Total Disability
4. Income/Net Worth Qualifications

# Length of Service/Character of Discharge



Veteran must have been discharged under other-than-dishonorable conditions, and

- Have at least 90 days of consecutive service, 1 day of which was during a period of war, or
- Have served during a wartime period and was discharged for a service-connected disability regardless of length of service.

# Wartime Service



- WWII December 7<sup>th</sup>, 1941 – December 31<sup>st</sup>, 1946
- Korea June 27<sup>th</sup>, 1950 – January 1<sup>st</sup>, 1955
- Vietnam (In Country) November 1<sup>st</sup>, 1955 – May 7<sup>th</sup>, 1975
- Vietnam (Outside of) August 5<sup>th</sup>, 1964 – May 7<sup>th</sup>, 1975
- Gulf War August 2<sup>nd</sup>, 1990 – (Date TBD)

# Wartime Service Continued



- Enlisted personnel who first entered service **after** September 7<sup>th</sup>, 1980, and officers who were commissioned **after** October 16<sup>th</sup>, 1981, must meet the minimum active-duty requirement which is commonly known as the '24-month rule' or the 'two-year rule'.
- Exceptions are made for veterans who were discharged prior to the end of their enlistment. As with other benefit programs, pension may be paid if the discharge was due to:
  1. Convenience of the government within three-months of the end of their enlistment (which is an early out under Title 10, Section 1171), or
  2. Served the full period the veteran as called up for (ie. National Guard deployment), or
  3. Hardship (under Title 10, Section 1173 ), or
  4. Service-connected disability

# Permanent and Total Disability

38 CFR 3.23, 3.314, 3.342, and 3.351

- **If under the age of 65**, the veteran must be permanently and totally disabled (P&T). The disabilities cannot be the result of willful misconduct, but they be non-service connected which means they are not related to military service. P&T ratings are based on factors such as **age**, **degree of disability** and **unemployability**.
- P&T Defined as:
  - Total disability as an impairment of mind or body which is sufficient to make it impossible for the average person to follow a substantially gainful occupation.
  - P&T exists when impairment is reasonably certain to continue throughout the life of the disabled person.



# P&T Continued



- In the event that a disability rating is not total, but the veteran is deemed to be unemployable by reason of disability the veteran still must have at least an overall permanent disability rating of 60%. The percentage of disability needed is no longer directly related to the veteran's age. Only a determination that the veteran is unemployable by reason of his/her disability or disabilities is the governing factor.
- Establishing a veteran's disabilities for pension purposes requires:
  1. Medical evidence
  2. A physician's statement if it includes clinical manifestations and substantiation of the diagnosis by findings of diagnostic techniques generally accepted by medical authorities such as pathological studies, x-rays or laboratory test.

# Survivors Pension

Surviving spouse or dependent may apply for survivor's pension. The wartime service must still be met by the deceased veteran. The dependent must meet the income/net worth guidelines set by the VA. They do not need to meet the age or disability requirements like the veteran.

The correct form for these claims is VA Form 21P-534ez

# Income/Net Worth Qualifications

38 CFR 3.274 and 3.275

- The VA's purpose for the pension program is to bring the total income of the qualified veteran to an established level (which is just right above the poverty level). This includes income received by the veteran and his or her dependents, if any, from earnings, disability and retirement payments, interest and dividends, and net income from farming or business.
- Net worth is the value of all assets including bank accounts, stocks, bonds, mutual funds and property other than the veteran's residence and a reasonable lot area. There is no set limit on how much net worth a veteran can have, but it cannot be excessive. The VA pension program is not intended to protect substantial assets or build up an estate for the benefit of heirs.
- NOTE: Generally, the VA only counts net worth of over **\$130,773** when considering eligibility but this is fluid. There is a three year look back period when tracing assets. Life estates do count as assets.

# Income/Net Worth Continued



## Income Counted

Social Security, Private Pension, Annuities  
Workers Comp or Unemployment Insurance  
Gains from Gambling  
Income from Joint Accounts  
Income from Earnings (Interest)  
Life Insurance

## Income Not Counted

Welfare (SSI, SNAP, LIHEAP, etc)  
Income Tax Refunds  
Interest from IRA's  
VA Burial Benefits  
Reverse Mortgage Payments  
Home Equity Line

# Income/Net Worth Continued



## **Deductible Expenses**

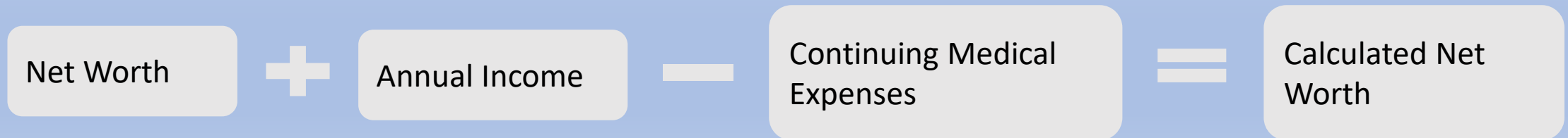
Expenses that can be deducted against countable income include:

1. Medicare premiums
2. Private medical insurance premiums
3. Out of pocket un-reimbursed medical expenses (UME)

Note: Be sure to include any payments for other recurring expenses such as nursing home costs.

# Defining Net Worth

- Bright Line Rule: Value of combined assets and annual income cannot exceed \$150,538.00 (As of December 1, 2023)
- Net Worth: Sum of the veteran/claimant **and** spouse's assets
  - Cash, bank accounts, stocks, bonds, and trusts
  - Real estate (other than primary residence)
- Income: Sum of the veteran/claimant **and** spouse's annual income
  - Wages, annuities, military/civil service retirement, IRA, farm or business income, rental property
  - Interest, royalties, and dividends



# Unreimbursed Medical Expenses (UME)



Unreimbursed Medical Expenses (UME's) paid by the claimant, (or by the claimant's dependent(s) for VA purposes) may be used to reduce the claimant's countable income.

The IRS allows you to deduct unreimbursed expenses for preventative care, treatment, surgeries, and dental and vision care as quality medical expenses. You can also deduct unreimbursed expenses for visits to psychologist and psychiatrists.

Another example of unreimbursed expenses is, travel to and from those appointments (milage).

# Unreimbursed Medical Expenses (UME)



During an initial claim, you will only count ongoing medical expenses beginning the date of claim (or ITF). Here is a list of common ongoing UME's:

- Medicare
- Private Medical Insurance
- Nursing Home Fees
- Assisted Living Expenses

If filing for an initial survivor pension, the surviving spouse can use the cost of the veteran's funeral as a one-time unreimbursed medical expense (receipt must be included). Date of death is not relevant.



# Unreimbursed Medical Expenses (UME)

If the beneficiary is not receiving the maximum annual pension rate, they may submit a 21P-8416 at the end of each year listing all unreimbursed medical expenses from the previous year. Common expenses include:

- Mileage to and from medical appointments
- Medicare
- Private medical insurance
- Nursing home costs
- Assisted Living costs
- Prescription medications
- Over the counter drugs, incontinence supplies, medical supplies

## VA AID AND ATTENDANCE OR HOUSEBOUND BENEFITS (ADD ON TO PENSION)

- If you get a VA pension and you meet at least one of the requirements listed below, you may be eligible for this benefit if **at least one of these must be true:**
- You need another person to help you perform daily activities, like bathing, feeding, and dressing, **or**
- You must stay in bed—or spend a large portion of the day in bed—because of illness, **or**
- You are a patient in a nursing home due to the loss of mental or physical abilities related to a disability, **or**
- Your eyesight is limited (even with glasses or contact lenses you have only 5/200 or less in both eyes; or concentric contraction of the visual field to 5 degrees or less)

# How much does VA pay?



- VA determines the Maximum Annual Pension Rate (MAPR) for your situation. This amount is set by Congress
- Next, VA determines your countable income. This is done by subtracting exclusions provided by law from your total annual income
- VA then subtracts your countable income from the **MAPR**. This difference is your yearly pension entitlement
- VA divides this amount by 12 and rounds to the nearest dollar. This is the approximate amount of your monthly pension payment
- VA deducts certain expenses you pay, such as **unreimbursed medical expenses**, from your annual household income. This will decrease your countable income and increase your monthly pension payment

# Pension Math



- Start with the veteran/spouse's total annual income.
- Subtract the ongoing unreimbursed medical expenses
- Add the UME offset
- This will give you the income for VA purposes **(IVAP)**
- Select which maximum pension rate to use: regular, married, housebound, A&A, widow
- Subtract the IVAP from the MAPR
- Divide by 12

# Look Back Period



- 36 month look back period
- Commences 36 months immediately preceding date VA receives claim
- A **covered asset** is an asset that was part of a claimant's net worth, and was transferred for less than fair market value less than 36 months prior to applying for benefits
- Look back period does not cover any time prior to October 18, 2018
- Up to 5-year penalty, based on amount of covered asset transferred

# Annual UME Reporting



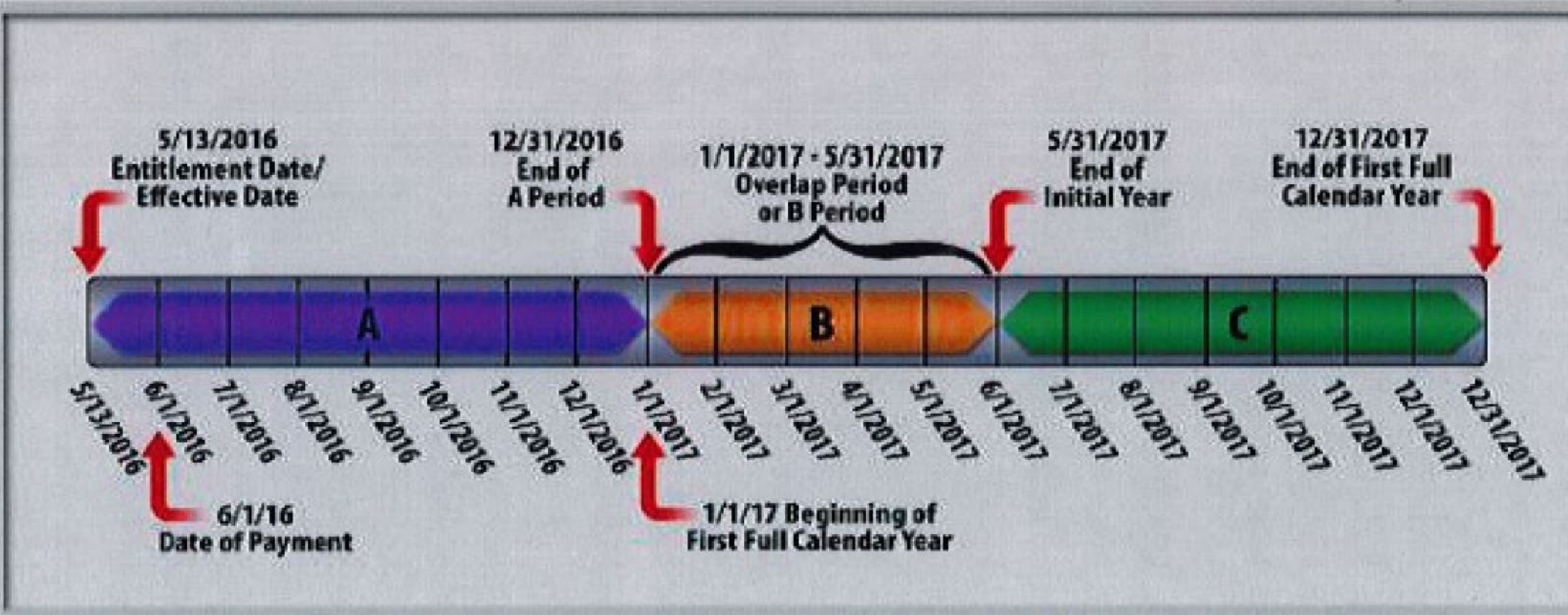
- When should we apply for UME?

Normally on an annual basis.

Unless the Veteran or widow is receiving Max pension or is on the \$90 Medicaid rate.

# What are the A, B, C Periods?

## A, B, and C Periods



# A,B,C Periods



- You must be aware of the ABC periods when filing UME.
- If it's a new claim and there are no new large expenses, you will wait until the end of the C period to file UME even if its in the next year.
- If for some reason, there is a new large expense that needs to get reported during the ABC period ensure you report everything that was previously reported and do a statement to explain the new expenses as the 21-8416 only gives a snapshot and not an explanation of the new expense.
- You can goof up a pension by reporting it wrong while in the ABC period.



# Medicaid \$90 rate

38 CFR 3.551 (i) states VA must limit claimants to the \$90/month for a Veteran, surviving spouse or surviving child who:

- Has neither spouse nor dependent child, and
- Is in a Medicaid approved nursing facility, and
- A Medicaid plan covers in part or all of his or her nursing home care.

Note(s):

- No overpayment is created when reducing to the \$90 rate
- The \$90 payment is for personal use and cannot be used to cover nursing home expenses
- Exception: not reduced to the \$90 rate if in a State Veterans Home
- Be sure to include the name and phone number of the facility
- If claimant has a running award, due process is initiated before \$90 rate is set, unless the claimant or fiduciary specifically requests reduction to the \$90 rate.

# Pension Forms



## NSC Pension

- 21P-527EZ** Application for Pension
- 21P-0969** Income and Asset Statement
- 21P-0516-1** EVR Report (Vet w/No Children)
- 21P-0517-1** EVR Report (Vet w/Children)
- 21P-4165** Questionnaire for Farm Income
- 21P-4185** Report of Income from Property or Business
- 21-4138** Statement in Support of Claim

# Nursing Homes, Assisted Living, AND Home Health Care

- **21-0779** Nursing Home Information for A&A
- **21-2680** Examination for Housebound Status or A&A
- **21P-8416** Medical Expense Report
- **21P-8049** Request for Detail of Expenses

When completing the application for NSC or Survivor's Pension, do not forget to include the appropriate form at the end of the form if the veteran or surviving spouse is in assisted living or housebound

# Forms to File



1. 21-22 POA And SDDVA Policy Statement and HIPAA Disclosure (VA Form 21-4142)
2. 21P-527EZ Application for NSC Pension
3. 21P-534EZ Application for DIC, Death Pension and or Accrued Benefits
4. 21P-0969 Income and Asset Statement (If applicable)
5. DD214 Certified Copy
6. 21P-8416 Medical Expense Report
7. 21-2680 Examination for housebound or permanent need for regular A&A Request
8. 21-0779 Nursing Home Information (Nursing Home will fill out)

# New Forms

Questions?