



HANDY HANDBOOK FOR SENIOR VETERANS

NON-SERVICE CONNECTED BENEFITS
FOR HOMECARE, ASSISTED LIVING, AND
NURSING HOME



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FORWARD

The process of applying for VA benefits can be a long, confusing, and frustrating procedure. Many Veterans just give up.

This handbook is to help the Veteran or spouse understand the application process, to educate you as to what benefits are available, and give you an idea if you are eligible for any of those benefits.

This handbook provides general guidelines, it is not a step-by-step do it yourself guidebook. The cost of trying to do it yourself is usually a denial in benefits.

Each case is different so one size does not fit all!

The department of Veteran Affairs does its very best to process all claims in the best interest of the claimant. But when the paperwork is not completed correctly or is incomplete in the beginning, the result is a claim that can drag out for a long period of time. Filing a claim can be time consuming and complicated. It's important to get help.

After you review this handbook, we recommend that you contact us at the "National Association of Senior Veterans" or one of the other Veteran service organizations to assist you in the application process.

We receive many referrals from VA Accredited Attorneys, case workers from Senators/ Congressmen and other sources. There is never any fee for our services.

The information in this handbook is not intended to give legal or tax advice. All applicants should consult with a VA accredited Attorney or accountant prior to any legal or tax planning.

The National Association of Senior Veterans (NASV) is a 501c3 non-profit service organization headquartered in Fleming Island, Florida.

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SECTION 1 - SERVICE CONNECTED VA BENEFITS VERSUS NON-SERVICE CONNECTED VA BENEFITS

A service connected benefit is paid to the Veteran that was injured while on active duty or later developed a condition as a result of his/her active duty. Some Veterans may be receiving benefits but their condition has worsened and should reapply and perhaps get a higher benefit.

This benefit is called Compensation.

A non-service connected benefit is paid to a wartime Veteran or spouse for healthcare conditions that are not service connected.

This benefit is called Pension.

Please note that a Veteran typically can not receive both Compensation and Pension at the same time. The Veteran should seek the benefit that pays the higher amount.

SECTION 2 - NON SERVICE CONNECTED BENEFIT: PENSION PLUS AID AND ATTENDANCE WHO IS ELIGIBLE FOR THIS BENEFIT?

The program is geared to the middle class Veteran/spouse/widow with sufficient income and savings to supplement the benefit money from the VA.

It is not designed for the indigent Veteran as he/she will not have enough money to pay for their care if this is their only source of income.

It is also not for the above average net worth Veteran as there are limitations on how much income and assets that the applicant can own at the time of application.

Check with your service organization to see if you may be eligible.

Pension Plus Aid & Attendance is a reimbursement program. The applicant must be receiving assistant for home care, assisted living or nursing home care for which Pension Plus A&A can reimburse the applicant. This program is not a social welfare program. The applicant must require healthcare!

SECTION 3 - HOW MUCH WILL THE VA PAY, IF YOU QUALIFY?

Category	Maximum Monthly
Veteran with One Dependent	\$2019
Veteran without Dependents	\$1703
Surviving Spouse (widow/widower)	\$1094
Spouse if Veteran is still living (Basic Pension)	\$1338

Note: If spouse has divorced Veteran, no benefits are available to surviving ex-spouse.

SECTION 4 - WHAT ARE THE PRIMARY REQUIREMENTS FOR ELIGIBILITY?

VA ELIGIBILITY REQUIREMENTS

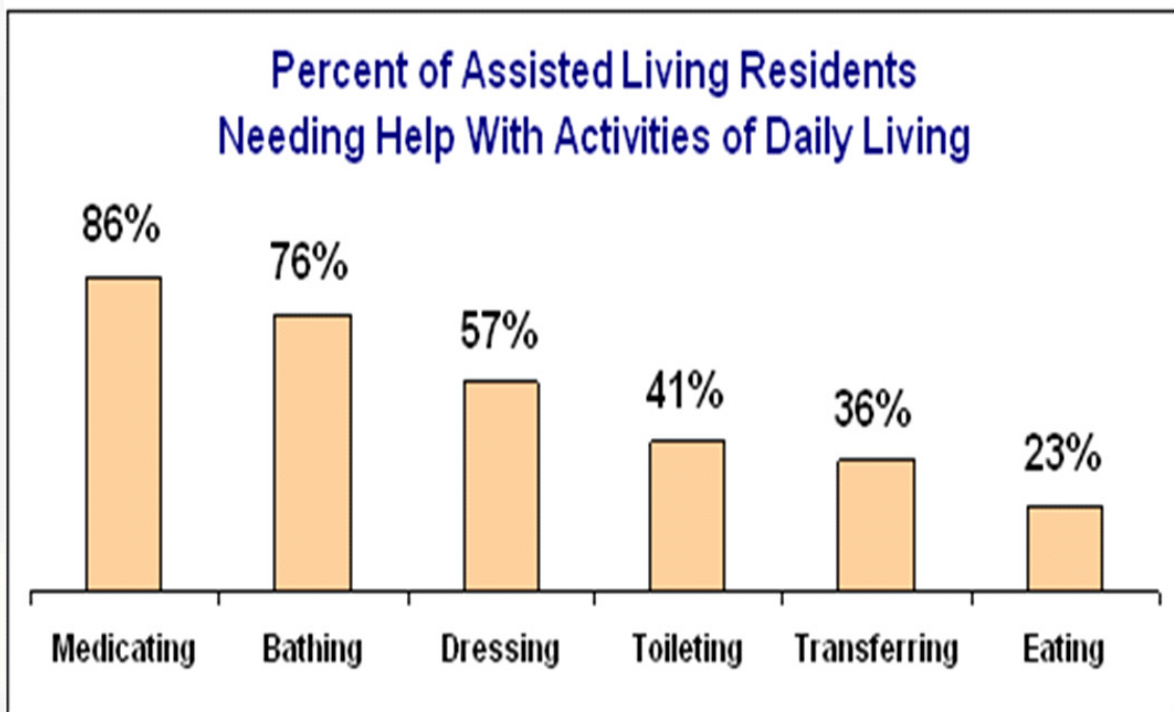
The Veteran must be at least age 65, served at least one day during the following periods and had 90 days of continuous military service with an honorable discharge.

- World War II: December 7, 1941 through December 31, 1946
- Korean War: June 27, 1950 through January 31, 1955
- Vietnam War: August 5, 1964 through May 7, 1975 (February 28, 1961, for Veterans who served “in country” before August 5, 1964)
- Gulf War: August 2, 1990, through a date to be set by law of Presidential Proclamation.

In addition, applicant must need help with activities of daily living (ADLs).

What are ADLs?

Activities of Daily Living



SECTION 5 - ARE THERE OTHER REQUIREMENTS?

In addition to the applicant meeting the requirements for dates of service and receiving care for ADL's, there are also income and asset requirements.

Income: In order for the applicant to receive the full monthly benefit, their monthly income can not exceed the cost of their unreimbursed Medical expenses. (i.e. Cost of assisted living , Medicare premium, homecare, and regular unreimbursed prescriptions)

To state it more clearly: Your expenses must be more than your income to get full benefits!

Assets: The maximum amount that you are allowed at the time of application is on a case by case basis determined by a formula established by the VA.

Note-Currently, there is no restriction on gifting assets before the application date. (see section 6 for possible pitfalls)

SECTION 6 -PITFALLS

Number 1– Trying to complete application without help.

It is important to have all of the required supporting documents before you complete the application. It is also important to have the correct application. We see many cases that come to us after they have dragged on for months and years just because the applicant applied for the wrong benefit or filed an incomplete application. Don't assume that the VA can read your mind, you must apply for the right benefit that you are entitled to. Once the application is closed or denied, it is much more difficult to deal with.

Number 2– Inadvertently providing misinformation or omitting pertinent facts on application.

After you are approved and receiving your benefit, the VA will later ask for updated information on an EVR (expense verification report). If the information doesn't match the information that you provided on the application, it will raise a red flag and you may have to return all of the money that was paid to you.

Number 3– Relying on individuals that are not qualified and experienced in VA benefits procedures.

Many senior Veterans want to rely on their broker or financial advisor to provide advice on applying for VA benefits. These professionals may be experts in their fields but typically don't have the knowledge or expertise to properly advise the applicant. The application process is complex and requires a lengthy training and testing process for an accredited claims agent to learn the VA system. It is like asking your broker to explain to a non-security licensed individual in detail how options, bear puts, bull puts, warrants, shorts, margins, etc.. all work, so that person can then advise you what stock to buy.

Number 4– Having your cake and eat it too.

In many cases where an applicant has too many assets in order to qualify for VA or Medicaid, the applicant has the option of repositioning their assets from their control to the control of their children or to an Irrevocable Trust in order to qualify for benefits.

It is not usually a good idea to gift your assets to one of your children. This is the quickest way to cause discontent between the siblings. Someone is bound to get their feelings hurt-no matter what your children say or what you think. Remember that your children are now adults, each with their own ideas on what is best for you. (We see it every day!)

Also, the child that you gifted the asset to may have an IRS lien or/and be subject to law suits. There can be many unintended consequences. An Irrevocable Trust may be the better solution. It is out of your control after you set it up, but the trustee has the fiduciary responsibility to perform the functions of the trust until your death. At that time, the trust funds are distributed to the beneficiaries. The downside of an Irrevocable Trust is the potential tax liability so it is best to consult with your VA Accredited Attorney or CPA to see if a Tax Deferred Annuity, owned by the trust, is the right option in your situation.

Remember that one size does not fit all. Each case is different.

Number 5 - Buying an annuity for VA and Medicaid planning.

CDs and other savings that issue 1099s each year on gains and interest income can be a potential tax problem since an Irrevocable Grantor Trust (IGT) can be taxed at the highest tax bracket currently at 39%. A tax deferred annuity can be a better solution, used inside an Irrevocable Grantor Trust (IGT), to defer the taxes.

Note that any investment vehicle should have principal guarantees and be suitable in line with the age of the applicant. An investment that is suitable for someone in their 30s, 40s, and 50s most likely is not suitable for someone in their 60s, 70s, 80s and 90s. Since the applicant may need to rely on Medicaid for nursing home care in the future, great care should be given to insure that principal is not at risk.

Note-The IGT must be set up to file it's own 1041 and not pass income back to grantor's 1040. If not, the VA can view this as incidence of ownership in the income and deny the claim.

The purchase of a tax deferred annuity outside of a trust is typically not recommended. The VA will not allow the applicant to maintain ownership or be the annuitant.

Bottom line: If the applicant is going to use an Irrevocable Grantor Trust; a Tax Deferred Annuity that meets VA and Medicaid guidelines should be used.

If the applicant is not using an Irrevocable Grantor Trust, an Annuity is not necessary.

Number 6 - Gifting assets-Many applicants plan to gift assets before application, in order to get under the asset limitation level.

While gifting or repositioning assets before you submit your VA application is permitted, the applicant should be aware that unless it is done properly, it may cause the applicant to be disqualified for Medicaid later if he/she needs nursing home care.

Make sure that whoever is advising you understands the Medicaid requirements in your state and the ramifications of keeping or repositioning of assets.

Number 7- Children should be involved in the planning/ application process from the beginning!

SECTION 7-WHAT IF I INADVERTENTLY SUBMIT MISINFORMATION?

When you receive your EVR or even before then, if you uncover that you submitted misinformation that will affect your claim, you need to take steps immediately to correct the situation.

For example: You discovered that you had assets that were still in your name at the time of application that would have put you over the limit.

- A) Consult your service organization for advice.
- B) You should immediately stop the benefits being paid.
- C) Refund the benefits, and
- D) Re-apply when you meet the requirements.

Remember the longer you take to act and continue to receive benefits that you were not entitled, the larger the amount of money that must be repaid to the VA.

SECTION 8 - Q & A

Q. How do I know that I qualify for improved pension (Aid & Attendance)?

- A. The VA will require that your physician fill out a form establishing that the claimant requires daily assistance from others in order to dress, bathe, cook, eat, leave home, etc. The claimant does NOT have to require help in ALL these areas. There simply must be adequate medical evidence that the claimant cannot function alone.

Q. How do I know that I qualify for Housebound?

- A. A physician's statement is also required for Housebound (and the VA will automatically consider it if the claimant does not fully qualify for A&A). The criteria for Housebound require that the claimant need regular assistance and must be in a protective environment.

Q. How do I know that I qualify for Basic Pension?

- A. A Veteran who served in the military 90 days, one of which was during the eras that was considered a wartime period is eligible for a basic pension if he meets the net worth and income criteria. The same is true for the surviving spouse.

Q. Is there a "look back" period for Improved Pension?

- A. No, the VA looks at the assets in hand the day the forms are filed.

Q. I am my father's Power of Attorney; how is that handled?

- A. The VA does NOT recognize a POA unless they have approved the individual for that designation. If you are simply a POA for convenience purposes, it is much quicker to have your parent manage and sign the forms themselves. If your parent is not capable of managing his/her own affairs in that manner, then the VA will want to set up an interview with you in order to determine if you are the appropriate fiduciary for the claimant.

Q. What happens if my claim is denied for excessive income?

- A. Denial is often only the beginning of the process. You then have one year to collect receipts etc. on your medical expenses. At the end of that year you file what is known as an EVR – a two-page sheet that establishes your income and expenses for the year. If the VA reviews it and determines that you are now eligible for the pension, you will receive a lump sum check, retroactive back to the date you originally filed.

Q. Can I send the claim to any VA office?

A. No, the claim package must go to the Regional VA Office that serves the area in which the claimant resides. Do not send claim packages to VA medical centers or other facilities. They must go to the regional office that serves your region.

Q. My mother is applying for the surviving spouse's A&A, does she need to have a marriage license?

A. Actually, she needs the marriage certificate, not license. The certificate establishes that the wedding did indeed take place. If you cannot find the certificate, you may need to contact the Clerk of Courts office in the county where your parents were married. You do need to have this document so the VA can establish that your mother has a legitimate claim to the benefits earned by your father's service.

Q. My father was married before he married my mother; does the VA need any of that information?

A. Yes, you will need to provide the following: where the marriage took place, when, to whom, what date it ended, where, and how? The VA needs to be able to establish that the previous marriage ended through the appropriate legal channels in order to establish the legitimacy of your mother's claim to the benefits.

Q. What portion of assisted living expenses is considered deductible?

A. If the VA determines that the claimant is deserving of Aid & Attendance or Housebound benefits, then ALL of the costs are deductible. The VA Operating Manual states: "Allow all reasonable fees paid to the facility as long as the facility provides some medical or nursing services for the disabled person. These services do not have to be furnished by a licensed health professional."

Q. If my mother sells her house before moving into Assisted Living, does she have to count that money as income?

A. No, it does not count as income, but as soon as she puts it in the bank, it will become part of her net worth. If you mother has plans to sell her house, then it is always best to take care of these issues before applying for A&A. How she disperses the money from the sale is between her and her financial advisor, but any money she retains in savings accounts, CDs, IRAs etc. will be considered part of her net worth. As previously noted, there is no "look back" on Aid & Attendance.

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- 1) Pray for all our Veterans.
- 2) Make a recurring donation of ___\$19 ___\$25 ___\$50 ___\$100 or more per month and become a member of the Patriot Heart Program and receive a veterans flag, a U.S flag, Patriot Heart Certificate, Decal, patch and NASV Newsletter.
- 3) Make a one-time donation of \$40.00 and receive a U.S. Veterans Flag
- 4) Make a one-time donation of \$20.00 and receive a United States Flag
- 5) Other donation \$ _____

Your Support will go far in changing the lives of our Senior Veterans and is considered a Blessing.

God Bless You; God Bless Our Veterans and God Bless the United States of America
Please make checks payable to:

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Fleming Island, FL 32003

If you wish to make your donation with a credit card, please visit our website at WWW.NASV.ORG for a secure online transaction.



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Assisting Senior Veterans in Need

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