

# Benefiting from the VA as a Wartime Veteran

The U.S. Department of Veterans Affairs administers a pension program that helps veterans and their families by providing supplemental income to manage the financial challenges most often associated with the high cost of long-term care. For a veteran or his/her surviving spouse to be eligible for this "need-based" pension program, the veteran 1) must have been discharged under other-than-dishonorable conditions, 2) must have served 90 days or more of active duty with at least one day during a period of war, 3) must have "countable income" and "net worth" below the mandated legal requirements, and 4) must be 65 years of age or older, or "permanently and totally disabled."

Too often veterans and their families aren't aware of this valuable pension program, or they simply believe they're ineligible to receive a benefit so they forego any further inquiry. But several estate planning tools and strategies are at the disposal of the claimant with income or asset levels currently in excess of the authorized threshold. One strategy that is frequently utilized to reduce countable income includes deducting unreimbursed medical expenses paid by the veteran or the veteran's spouse. These unreimbursed medical expenses must have been incurred on behalf of the veteran or a member of the veteran's household, and the medical expenses must

have been paid on or after the date of entitlement to the VA pension. In addition, the total unreimbursed medical expenses must exceed 5% of the maximum annual pension rate for the given year. In 2015, a single veteran at the "aid and attendance" pension level was eligible to receive a maximum monthly benefit of \$1,788, while a married veteran at the "aid and attendance" pension level was eligible to receive a maximum monthly benefit of \$2,120.

Some of the most useful unreimbursed medical expenses for veterans and their surviving dependents are costs associated with nursing home care, an assisted living facility, health insurance premiums including Medicare Part B, and a licensed health professional or a non-licensed in-home caregiver so long as the claimant is receiving care at the "aid and attendance" level. A veteran or a surviving dependent is in need of the "aid and attendance" level of care if the claimant requires everyday assistance with at least two out of five "activities of daily living" as certified by a medical professional. The five activities of daily living include dressing, eating, bathing, toileting, or transferring. This strategy provides only a cursory overview of one issue related to VA benefits planning, while more complex changes are set to take effect to VA laws in 2016.

Under the current VA pension laws, there is no look-back period for asset transfers of less than fair market value. This is unlike Medicaid law that includes a 60-month look-back period beginning from the date that the claimant enters a nursing home. However, the VA has issued proposed rule changes that would consist of a 36-month look-back period for asset transfers of less than fair market value. In addition to these recommended changes, the VA has also proposed changes to the net worth determination for pension entitlement. Based on the rule changes set to take effect in the spring of 2016, the VA net worth limit will be tied to the standard maximum community spouse resource allowance (CSRA) under Medicaid law. The current CSRA is \$119,220 and this figure will be updated in 2016.

As a VA-accredited attorney with the elder law firm of Zacharia & Brown, I feel that the most important first step in beginning the process of applying for pension benefits is to set up a professional consultation to discuss the wide-ranging legal, financial, and personal options available to you or your loved ones. Making any significant financial decisions on your own to create VA pension eligibility could create unintended and harmful consequences down the road related to Medicaid eligibility, your personal income taxes, or your eligibility for other need-based governmental programs.

## Nursing Home Worries?

Are You Worried about Losing Your Home or Life Savings to the Cost of a Nursing Home?

Are You Concerned About How to Pay for Your Loved One's Expensive Nursing Home Care Without Going Broke?

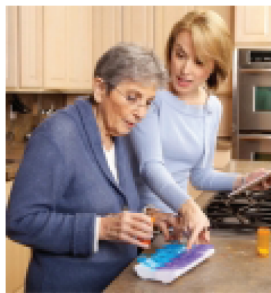
Do You Want to Avoid Placing Your Loved One in a Nursing Home?

Are you a Veteran and Interested in Possibly Receiving an extra \$2100 a Month?

Are you the Spouse of a Veteran and Interested in Possibly Receiving an Extra \$1100 a Month?

**In Pennsylvania, the Average cost of a Nursing Home is over \$97,000 per year.**

**How Much Can You Afford? Are You Prepared? Call Zacharia & Brown**



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