



VA PENSIONS AND BENEFITS: PAST, PRESENT, AND FUTURE

Many veterans and their surviving spouses ask if they can count on pensions from the Department of Veterans Affairs (VA) being available in the years to come. While there are certainly no guarantees, you can reason that Congress would face much backlash if it decided to rescind veteran pension benefits.

Pensions can be traced back to the birth of the country when the Pilgrims authorized legislation that provided support for any soldier injured in the defense of the colony. The first law in the colonies on pensions, enacted in 1636 by Plymouth, provided money to those disabled in the colony's defense against Indians. Other colonies followed Plymouth's example.¹

During the Revolutionary War, the 1776 Continental Congress encouraged enlistments by instituting pensions for its disabled soldiers. It granted half pay for life in cases of serious disability. Because the Continental Congress lacked the authority and the money to make the pension payments, the payments were made by the individual states. In 1789, with the ratification of the U.S. Constitution, the first Congress assumed the burden of paying veterans' benefits. The first federal pension legislation was passed in 1789.

By 1816, pensioners numbered 2,200. In that year the growing cost of living and a surplus in the U.S. Treasury led Congress to raise allowances for all disabled veterans and to grant half-pay pensions for five years to widows

Checks for Vets

and orphans of soldiers of the War of 1812. A new principle for veterans' benefits, providing pensions on the basis of need rather than on disability, was introduced in the 1818 Service Pension Law. The law provided that every person who had served in the War for Independence and was in need of assistance would receive a fixed pension for life. The rate was \$20 per month for officers and \$8 per month for enlisted men. In 1858 Congress authorized half-pay pensions to veterans' widows and to their orphaned children up to the age of sixteen.

The General Pension Act of 1862 provided disability payments based on rank and degree of disability and liberalized benefits for veterans' widows, children, and dependent relatives. The law covered military service in time of peace as well as during the Civil War. In President Lincoln's second inaugural address in 1865, he called upon Congress "to care for him who shall have borne the battle and for his widow and his orphan." This quote was later adopted as the VA's motto.

The Consolidation Act in 1873 revised pension legislation, with payments based only on a veteran's degree of disability. The act also began the Aid and Attendance program, in which a disabled veteran could receive payments to hire a nurse or housekeeper.

The first important pension law in the twentieth century was the Sherwood Act of 1912. Under this act, veterans of the Mexican War and Union veterans of the Civil War could receive pensions automatically at age sixty-two, regardless of whether they were sick or disabled. As a result, the record shows that of the 429,354 Civil War veterans receiving pensions in 1914, only 52,572 were disabled.

After December 24, 1919, all payments to veterans arising from disability or death from World War I were regarded as compensation rather than pensions. From 1924 to 1932 an expansion and liberalization of benefits for veterans resulted in a 62 percent increase in expenditures for veterans. In March 1933, all payments to veterans were again regarded as pensions. It was not until World War II that the distinction between compensation and pension again was made.

During the Great Depression, the lack of jobs and savings made survival for veterans perilous. On May 19, 1924, Congress intervened by passing the World War Adjustment Compensation Act. The act provided a bonus to

World War I veterans based on the length and location of their service: \$1 for each day served in the United States and \$1.25 for each day served overseas. However, the catch was that veterans who were authorized bonuses of more than \$50, were not paid immediately. Instead, they were issued adjusted service certificates from the Veterans' Bureau. These certificates were a form of endowment policy payable twenty years from the date of issue and generally had a face value of \$1,500. As the Depression worsened, veterans began calling for immediate payment of the "bonuses," as the certificates came to be called. In March 1932, a small group of desperate veterans from Oregon began marching to Washington, DC. Word of the march spread and unemployed veterans from across the country descended on the nation's capital. In June, with an estimated 15,000 to 40,000 veterans and their families camped out in Washington, DC, health officials grew concerned about the threat of disease. In response, on June 11, 1932, the newly created Veterans Administration (VA) established an emergency hospital at Fort Hunt, Virginia, to treat the marchers. On June 17, a large group of marchers laid siege to the U.S. Capitol, where the Senate was considering a bill proposing immediate payment of the bonuses. The bill was overwhelmingly defeated, and frustrations mounted as the summer wore on. A riot ensued in July when city police officers and government agents tried to evict some of the marchers. President Hoover eventually ordered the army to forcibly remove from the city about 3,500 veterans, many with their wives and children, who refused to leave. Although the marchers failed to get immediate results, in 1936 Congress authorized early payment of the bonuses.

The bonus march of 1932 revealed serious shortcomings in how America cared for its defenders as they made the transition from military to civilian life. The march set the stage for Congress to address the problem in the future. In 1944, Congress addressed World War II veterans returning to civilian life by passing one of the most significant pieces of legislation ever produced by the federal government: the Servicemen's Readjustment Act, commonly known as the GI Bill of Rights. This legislation provided up to four years of education, federally guaranteed home or business loans, and unemployment compensation. Assistance acts were subsequently passed for the benefit of veterans from the Korean War, the Vietnam War, the Persian Gulf War, and the All-Volunteer Force.

Checks for Vets

In the early 1950s, the Korean War created new veterans on top of the millions who came home from World War II; each month 2.5 million veterans and dependents received \$125 million in compensation and pensions. Following a study of pensions, the VA in 1959 introduced a sliding scale of pension payments based on a recipient's income, rather than a flat-rate pension. The Veterans' Pension Act of 1959 also specified that anyone already on the pension rolls as of June 30, 1960, could elect to remain under the old law.

The Vietnam War resulted in more than 7 million Vietnam-era veterans. A major difference between Vietnam-era veterans and veterans of earlier wars was the larger percentage of disabled. One of the ways Congress assisted the disabled was to provide the 1971 Veterans' Mortgage Life Insurance program.

The number of veterans eligible for pensions grew rapidly between 1960 and 1978. World War II veterans were reaching age sixty-five, when veterans could be classified as totally disabled by virtue of their age alone. To address the escalating cost of pensions, Congress in 1978 passed the Veterans' and Survivors' Pension Improvement Act. Earlier law excluded from consideration the earned income of a veteran's spouse. The 1978 law mandated that all family and retirement income be counted in determining a veteran's eligibility for pensions and the amount paid. Under the new law, most World War II veterans would not be entitled to pensions because all family income had to be counted. The change resulted in a large reduction in the number of veterans qualifying for pensions.

The 1980s saw some streamlining of benefits by Congress. A minimum service requirement was introduced. Veterans who had enlisted after September 7, 1980, and officers who were commissioned or who entered active military service after October 16, 1981, must have completed two years of duty or the full period of their initial service obligation to be eligible for most VA benefits.

In the late 1980s, proponents seeking cabinet-level status for the VA pointed out that the VA was the largest independent federal agency in terms of budget. Because one-third of the U.S. population was eligible for veterans' benefits, proponents argued, the agency responsible for veterans should be represented by a cabinet secretary having direct access to the president. In

response, President Reagan signed legislation in 1988 to elevate the VA to cabinet status, and on March 15, 1989, the Veterans Administration became the Department of Veterans Affairs.

The Omnibus Budget Reconciliation Act of 1990 limited eligibility for disability pensions. Previously, low-income wartime veterans over age sixty-five had been automatically classified as disabled. The new law, applying to claims filed after October 1990, required that to be classified as totally disabled, a veteran of any age had to be considered unemployable as a result of a disability that was reasonably certain to continue throughout the life of the disabled person seeking the pension.

In 1991, Congress passed the Persian Gulf Conflict Supplemental Authorization and Personnel Benefits Act, which considered the conflict a war in terms of determining a veteran's eligibility for wartime-only pensions.

In response to the increased number of female veterans, the VA informed these women that they were equally entitled to veterans' benefits. The Veterans Health Care Act of 1992 provided gender-specific services and programs to care for female veterans.

In 1994, the Center for Minority Veterans was authorized by Congress. The center not only promotes the use of existing programs by minority veterans but also proposes new benefits and services to meet the specific needs of minority veterans.

Of the 23.8 million veterans alive at the beginning of 2008, most served during a period of war. There were also 37 million dependents of living veterans and survivors of deceased veterans, representing 20 percent of the population. In 2007, the VA provided compensation and pension benefits to over 3.7 million veterans and beneficiaries. The VA paid average annual amounts of \$8,509 in pension benefits to veterans and \$3,829 in death pension benefits to survivors of deceased veterans.²



AID AND ATTENDANCE AND HOUSEBOUND PENSIONS: OVERVIEW OF ELIGIBILITY

Before you fill out any claim forms and apply for benefits, you should be aware of the eligibility requirements that you must meet to receive a pension. The VA has three levels of pensions for veterans and their surviving spouses, ranging from basic pensions at the lowest level, Housebound pensions at the next level, and Aid and Attendance pensions at the highest level. Aid and Attendance and Housebound pensions are benefits paid in addition to the basic pension; you cannot get the higher levels of pension benefits without meeting the basic pension eligibility criteria. The Aid and Attendance and Housebound pension eligibility criteria for wartime service veterans and their surviving spouses, outlined in this chapter, incorporate the basic pension eligibility criteria.

ELIGIBILITY CRITERIA FOR WARTIME SERVICE VETERANS

If you are a wartime service veteran, you may be entitled to receive an Aid and Attendance pension or a Housebound pension if you meet the following eligibility requirements:

1. Annual family net income (income minus expenses) is below a yearly limit set by law. Effective December 1, 2008, the annual net income limits are as follows (see chapter 3 for further explanation of net income):
 - a. Aid and Attendance pension
 - i. Wartime service veteran with no dependents: below \$19,736
 - ii. Wartime service veteran with one dependent: below \$23,396
 - b. Housebound pension
 - i. Wartime service veteran with no dependents: below \$14,457
 - ii. Wartime service veteran with one dependent: below \$18,120

Note: A veteran with one dependent is usually a veteran living with a spouse.

2. No set limit has been established on how much net worth (assets minus debts) a wartime service veteran and his or her dependents can have, but net worth cannot be excessive. Generally, net worth must be less than \$80,000. (Assets do not include one's primary home and first car.) The decision as to whether net worth is excessive depends on the facts of each individual case. (See chapter 3 for further explanation of net worth.)
3. A wartime service veteran must be permanently and totally disabled. For VA pension purposes, *permanent and total disability* means that with reasonable certainty the veteran will not be able to maintain a substantially gainful job due to his or her disability. The disability must be non-service-connected and not due to willful misconduct. *Non-service-connected* means that the disability must not have been caused or aggravated by military service.
4. The veteran must have care-needs requirements. To meet these requirements, a veteran typically receives care in an assisted living facility or receives nonmedical home-care services. A physician must

2: Aid and Attendance and Housebound Pensions: Overview of Eligibility

document the need for these caregiver services. (See chapter 3 for further explanation of care-needs qualifications.)

5. The veteran must have had ninety days or more of active military service, at least one day of which was served during official wartime. To have served during wartime, the veteran did not need to see combat. For example, the veteran may have served in Alaska and still be eligible. (See chapter 3 for details of wartime service.)

Note: Veterans who entered active duty after September 7, 1980, generally must have served twenty-four months or the full period for which called or ordered to active duty. There are exceptions to this rule; check with a veteran service officer (VSO) for details.

6. The veteran's discharge must be honorable or general and not be due to willful misconduct.¹

ELIGIBILITY CRITERIA FOR SURVIVING SPOUSES OF WARTIME SERVICE VETERANS

If you are a surviving spouse of a deceased wartime service veteran, you may be entitled to receive an Aid and Attendance pension or a Housebound pension if you meet the following eligibility requirements:

1. Annual family net income (income minus expenses) is below a yearly limit set by law. Effective December 1, 2008, the annual net income limits are as follows (see chapter 3 for further explanation of net income):
 - a. Aid and Attendance pension—Surviving spouse of a wartime service vet with no dependents: below \$12,681
 - b. Housebound pension—Surviving spouse of a wartime service vet with no dependents: below \$9,696

Note: A surviving spouse does not usually have any dependents.

2. No set limit has been established on how much net worth (assets minus debts) a surviving spouse of a wartime service veteran can have, but net worth cannot be excessive. Generally, net worth must be less than \$80,000. (Assets do not include one's primary home and first car.) The decision as to whether net worth is excessive depends on the facts of each individual case. (See chapter 3 for further explanation of net worth.)

Checks for Vets

3. The surviving spouse of a wartime service veteran must be permanently and totally disabled. For VA pension purposes, *permanent and total disability* means that with reasonable certainty the surviving spouse will not be able to maintain a substantially gainful job due to his or her disability.
4. The surviving spouse must have care-needs requirements. To meet these requirements, a surviving spouse typically receives care in an assisted living facility or receives nonmedical home-care services. A physician must document the need for these caregiver services. (See chapter 3 for further explanation of care-needs qualifications.)
5. The spouse must have been married to the wartime service veteran for at least one year before the veteran's death (unless they had a child). *A person who has divorced a wartime service veteran is not considered a surviving spouse of a wartime service veteran and cannot claim benefits.*
6. The deceased wartime service veteran also must have met the following requirements:

- a. The vet must have had ninety days or more of active military service, at least one day of which was served during official wartime. To have served during wartime, the veteran did not need to see combat. For example, the veteran may have served in Alaska and still be eligible. (See chapter 3 for details of wartime service.)

Note: Veterans who entered active duty on or after September 7, 1980, generally must have served twenty-four months or the full period for which called or ordered to active duty. There are exceptions to this rule; check with a VSO for details.

- b. The veteran's discharge must have been honorable or general and not have been due to willful misconduct.
- c. The veteran's death must not have been due to a disability from the veteran's active military service. A disability not due to active military service is called a *non-service-connected disability*.²