

## The Estate Planning Advisor

### A Hidden Gem: VA Pensions

By Richard J. Shapiro, J.D.

Many veterans of World War II, Korea, Vietnam and even the Gulf wars require assistance with the activities of daily living, either at home or in a health care facility, but have insufficient means to pay for it. Fortunately, there is a little known program called the “Veterans Aid and Attendance Benefit” (“Aid and Assistance”), that can provide tax-free income of up to \$1,800 per month to assist eligible veterans pay for their needed care. It is estimated that up to one-third of veterans (or their surviving spouses) may be eligible for this benefit.

Veterans over the age of 65 who served during a time of war, as well as their surviving spouses, may be eligible for Aid and Assistance. As with most government programs, there is an income and asset test. For married couples, maximum annual income is \$21,615, while for individuals the income limit is \$18,234 per year. However, individuals and couples earning even up to \$60,000 per year may be eligible for the benefit if they have large medical expenses (including the costs of assisted living or similar facilities) to offset their income.

The maximum assets allowed for eligibility is approximately \$49,000 for single applicants and \$80,000 for married couples. The applicant’s personal residence, a vehicle and most personal possessions are excluded from the asset calculations. Unlike the nursing home Medicaid program, gifting assets to family members will *not* result in a “penalty period” for eligibility for the Aid and Assistance program. As an alternative (or supplement) to gifting, the applicant can use assets to purchase an immediate annuity. It is critical that the annuity – when combined with the applicant’s other income -- does not put the applicant over the income eligibility limits.

It is easier to qualify for Aid and Assistance benefits because there are no ineligibility periods for asset transfers. However, since many veterans and their spouses will need nursing home care within five years of transferring the assets, such transfers will likely render the veteran and/or their spouse ineligible for nursing home Medicaid benefits. Accordingly, when engaging in planning to obtain Aid and Attendance benefits, it is also important to take into account the impact of the planning on future Medicaid eligibility.

To learn more about the Aid and Assistance program, visit the United States Department of Veterans Affairs website ([www.vba.va.gov/bln/21/pension/vetpen.htm#9](http://www.vba.va.gov/bln/21/pension/vetpen.htm#9)). Further information can found through the National Care Planning Council ([www.veteransaidbenefit.org](http://www.veteransaidbenefit.org)).

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