

# CRS Report for Congress

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## Veterans' Pensions: Fact Sheet

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Wartime veterans and their survivors are assured of income support if disabilities render them unemployable, and if they do not have sufficient assets to provide for their own maintenance. Called *veterans' pensions* and administered by the Department of Veterans Affairs (VA), monthly cash payments are made to qualified veterans or survivors so that their total income from all countable sources reach specified annual levels. Separate support levels are established for veterans and survivors. These levels are higher for permanently housebound recipients, for those needing a paid attendant, and for those with qualified dependents. Support levels for these veterans and survivors are annually adjusted to reflect changes in the cost-of-living as measured by the Consumer Price Index (CPI). This fact sheet will be updated annually for changes in data.

In FY2000, total veterans' pension outlays were estimated to be \$3.1 billion. Payments were made to an estimated 373,000 veterans and 266,000 survivors, a caseload decline from the previous year of 3% and 5%, respectively. For FY2000, it is estimated that benefits averaged \$6,286 for veterans and \$2,657 for survivors, annually. In 46% of the total pension caseload, the pension is based on wartime service in World War II or earlier.

**Program Description.** The *need-tested* veterans' pension is one of several systems of cash benefits granted to veterans of military service; others being VA *compensation* (granted for disabilities incurred during military service), and Department of Defense *disability pay* (granted when a disability stops military service after the service-person has completed at least 8 years active duty), and *retired pay* (granted at completion of a military career). Veterans' compensation and military disability or retired pay are recompense for sacrifices and longevity attributed to a period of military service. Veterans' pensions are income guarantees earned by virtue of service during wartime and paid to totally and permanently disabled individuals who meet income eligibility.

Eligibility for a veterans' pension requires a discharge (other than dishonorable) from active service of 90 days or more, at least one of which must have been served during a period defined in law as a period of war. The veteran must be disabled for reasons neither traceable to military service nor to willful misconduct. There is no disability requirement for eligible survivors.

**Benefits.** The VA pays monthly amounts to qualified veterans after considering other sources of income, including Social Security, retirement, annuity payments, and income of a

dependent spouse or child, to bring their incomes to the above support levels. Levels are increased by \$2,109 annually for veterans with service in World War I or earlier, in recognition of the absence for those veterans of education and home loan benefits available to veterans of later wars. Countable income can be reduced for unreimbursed medical expenses, as well as some educational expenses incurred by veterans or their dependents. Pensions are not payable to veterans with substantial assets.

Pensions awarded before 1979 were paid under one of two programs, referred to as *Old Law* and *Prior Law*, both of which were governed by complex rules regarding countable income and exclusions. Applications beginning January 1, 1979 were processed under the *Improved Law* program, which provided higher benefits but eliminated most exclusions, offsetting countable income dollar-for-dollar. In FY2000, about 92% of veterans and 70% of survivors drew their benefits under improved law.

**Table 1. Maximum Annual Benefits: December 2000**  
(\$ in thousands)

	Veteran	Survivor
Beneficiary without dependent	\$9,304	\$6,237
With one dependent	12,186	8,168
Permanently housebound w/o dependent	11,372	7,625
With one dependent	14,253	9,551
Needing regular aid and attendance w/o dependent	15,524	9,973
With one dependent	18,405	11,900
Each additional dependent	1,586	1,586

**Source:** Table prepared by the Congressional Research Service (CRS) using data provided by the Veterans Benefits Administration.

In comparison, 1999 poverty thresholds for persons aged 65 and over were \$7,990 per year for single persons and \$10,869 for two persons, according to Census Bureau estimates published in the September 2000 Current Population Survey.

Veterans drawing VA pensions are automatically eligible for VA medical benefits for the treatment of nonservice-connected conditions. In FY1997 (the last year for which data are available), 72,000 pension recipients were discharged from VA medical centers (including transfers to other VA facilities) after receiving in-patient treatment for nonservice-connected conditions, with about 2,800 patients remaining in the facilities.

**Processing times.** Processing times for claims averaged 112 days for veterans and 68 days for survivors during 1999, compared to Office of Management and Budget goals of 77 and 44 days, for these claims.

**2001 COLA.** In January, 2001, the target income levels upon which individual VA pension benefits are based increased by 3.5%, the same Cost of Living Adjustment (COLA) applied to Social Security and most other federal benefits.