

VETERANS BENEFITS: HOW PROPOSED CHANGES WILL AFFECT YOU

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What Are Your Concerns?

- ▣ Avoiding Running out of Money
- ▣ Protecting your Spouse and Family
- ▣ Obtaining and Paying for Long-Term Care
- ▣ Avoiding the Loss of Independence and Autonomy due to Incapacity
- ▣ Leaving a Legacy (rather than liability) to your Children
- ▣ Inflation

What Are The Chances of Needing Long-Term Care?

- For a couple turning age 65, there is a 70% chance that one of them will need long-term care.
- 60% of people over age 75 need long-term care, many stay in facilities for about 3 years.
- For an individual age 80, there is a 50% chance that the individual will require care in a long-term care facility.

Cost of Long-term Care

- Assisted Living Facility: \$40,000 to 50,000/year
(Median for Single Room)
- Nursing Home Facility: \$72,000 to \$84,000/year
(Median for Semi-Private)
- In-Home Care: \$19 - \$32/hour
(\$166,000 for 24/7 at \$19)
- Adult Day Care: \$61/day
(Median)

Life-Care Planning Considerations

- Private Payment
- Reverse Mortgage
- VA Benefits
- Asset Protection
- Family
- Life Insurance
- Tax Planning
- Annuities
- Long-Term Care Insurance
- Medicare
- Medicaid
- Equity Lines

Importance of Comprehensive Life-Care Planning

- Comprehensive planning integrates all of the available resources into a plan customized to meet the client's individual circumstances.
- Veteran's Benefits are an important component of a life-care plan.
- Coordination of planning strategies is critical because program rules have significant differences. (for example, transfer rules)
- Failure to plan is planning to fail - no single component or document makes a plan.

Honoring America's Veterans

"America's veterans deserve the best health care and compensation system we can provide."
(Anthony Principi, Secretary of Veterans Affairs, 2003).

- 33% of all Seniors age 65 and older could qualify for a VA pension and healthcare benefits.

Veterans Benefit Administration

Administers monetary benefits programs for eligible veterans.

Programs include:

- ▣ Compensation for Service-Connected Disabilities
- ▣ Vocational Rehabilitation and Employment
- ▣ Education and Training
- ▣ Home Loan Guaranties
- ▣ Disability and Indemnity Compensation for Surviving Spouses & Dependents
- ▣ Special Monthly Pension: Housebound & A&A
- ▣ Specially Adapted Housing
- ▣ Life Insurance Benefits
- ▣ Burial Benefits

Veterans Health Administration

Purpose: To provide health care for prior service members.

Programs include:

- ▣ VA Hospitals
- ▣ VA Nursing Homes
- ▣ Prescription Benefits
- ▣ Outpatient Dental Services
- ▣ Blind/Vision Impaired Services
- ▣ Prosthetic Services
- ▣ Alcohol/Drug Treatment

Special Monthly Pensions

- ▣ \$ Supplemental Income Pension
- ▣ \$\$ Housebound Pension
- ▣ \$\$\$ Aid and Attendance Pension

Basic Eligibility Criteria

- ▣ Veteran or Widow(er) of Veteran who:
 - ▣ Served at least ONE DAY during War-Time Period
 - ▣ Served 90 Consecutive Days on Active Duty (2 years for service after 1980)
 - ▣ Received a Discharge other than Dishonorable
 - ▣ Limited Income and Assets
 - ▣ Permanent and Total Disability (or other criteria)
 - ▣ Disability caused without Willful Misconduct
 - ▣ Submits a Signed Application
 - ▣ Non-Service Connected Benefit

Supplemental Income Pension 2015

- The VA's Version of SSI – Low Income
- Monthly Income Payment
 - Veteran without a Spouse \$1,072/month
 - Veteran with a Spouse \$1,404/month
 - Widow(er) \$719/month

Housebound Pension 2015

- Substantially confined to you immediate premises due to permanent disability
 - Veteran without Dependents \$1,310/month
 - Veteran with Dependent \$1,642/month
 - Widow(er) \$879/month

Aid & Attendance Pension 2015

- Require aid of another to perform personal functions in everyday living (bathing, feeding, dressing, wants of nature, adjusting prosthetics, protection from environment)
 - Bedridden
 - Nursing Home due to physical or Mental incapacity
 - Eyesight is limited to 5/2000 or less in both eyes OR concentric contraction of visual field is 5 degrees or less
-
- | | |
|--------------------------------|---------------|
| ■ Veteran with zero Dependents | \$1,788/month |
| ■ Veteran with one Dependent | \$2,124/month |
| ■ Widow(er) | \$1,149/month |

Aid & Attendance Pension 2013

- Claimant meets one of the following:
 - Blind
 - Lives in a Nursing Home
 - Unable to:
 - dress/undress or keep self clean and presentable
 - attend the wants of nature without assistance
 - has a physical or mental incapacity that requires assistance on a regular basis to protect claimant from daily environmental hazards

Income Limits

- Gross Income cannot exceed Maximum Family Income Limits
- Permissible Deductions from Income
 - Medical Expenses
 - Health Care and Insurance Premiums/Deductibles
 - Prescriptions, Hearing Aids, Transportation, etc.
 - Home Health Care
 - Assisted Living Facilities Cost
 - Nursing Home Care
- EX: Monthly Income of \$1,288 (after Medical Expenses) for Veteran with no dependence applying for VA Benefit will get \$500 monthly VA benefit
- If medical expenses exceed income, then will get full benefit
- An appropriate plan can help you achieve income eligibility.

Asset Requirements

- ▣ Standard: Sufficient Means to Self-Pay
- ▣ Sufficient Means: Hook Law Center can assist with helping individuals fall within acceptable levels; asset requirements vary; however there are a wide range of strategies
- ▣ Age Analysis: Age VS. Asset Test
- ▣ Assets in excess of \$80,000 require supervisor approval (don't go there)
- ▣ VA has yet to publish guidelines
- ▣ An appropriate plan can help you achieve asset eligibility

Additional Benefits of VA Pension Eligibility

- Free Inpatient Care
- Free Outpatient Care
- Eligible for Burial Benefits
- Maximum \$960 a Year for Prescriptions
 - Medicare \$4,200
- VA Hospital and Pharmacy in Hampton
 - Prescriptions may be ordered by non-VA Physician
 - Prescriptions can be filled by mail
- Plan to add additional facilities in VA (including Virginia Beach) recently announced

The VA's Stance on Needed Change

- “Congress did not intend that a claimant who has sufficient assets for self-support could preserve those assets for his or her heirs or transfer them as gifts and still qualify for pension at the expense of taxpayers.”
- The VA cites a 2012 Government Accountability Office report that identified a case where a claimant transferred over \$1 million within 3 months of applying for benefits

Proposed Rules 2015

- Establish clear net worth limit
 - Current analysis looks at (1) claimant's income, (2) liquidity of assets, (3) life expectancy, (4) the number of dependents, and (5) the potential rate of asset depletion
 - Would:
 - avoid lengthy, subjective analysis by case-worker
 - promote uniformity and consistency
 - Individual combined net worth (income and assets)
 - Married combined net worth limit of \$119,220
 - Mirrors Medicaid
 - Does not account for age

Proposed Rules 2015 (cont'd)

- Real Property Considerations
 - House would be per se exclusion – even if in NH or ALF
 - Rental income would be deemed income
 - Would limit to 2 acres of land
 - Sale would result in assets needing to be spent in same calendar year
 - Will not use mortgage or other encumbrances to reduce asset value

Proposed Rules 2015 (cont'd)

- Proposed 36-month look-back period on transfers
 - Presumption made to qualify for benefits
 - Would include transfers for less than fair market value
 - Gifts, Sell, Convey
 - Purchase of any financial instrument or investment that reduces net worth and would not be in the claimant's financial interest were it not for the claimant's attempt to qualify for VA pension
 - Trust and Annuity
 - Exception for child benefit of a veteran's child whom VA rates or has rated as being permanently incapable of self-support
 - Penalty - Starts on date of last gift, not as of each gift
 - Max of 10 years
 - Can be cured – max time would be 90 days after notice

Proposed Rules 2015 (cont' d)

- ▣ Definition of medical expenses deductible from income
- ▣ Proposed IRS matching program

Problems in Implementation

- ▣ There is already a backlog of applications
 - ▣ About 6 months and longer if fiduciary needs to be appointed
- ▣ Strict review would increase delays

Call to Action!!

VA is looking to cut costs – acting sooner, rather than later is essential

The Failure to Plan is Planning to Fail

In light of proposed changes, it is more important than ever to act promptly!

Our experienced staff will help you develop, implement, and maintain a comprehensive estate, asset protection, and financial plan.

Fixed Fees for most Engagements

Two Convenient Locations





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- Estate Planning
- Asset Protection Planning
- Long-term Care Planning
- Life Care Planning
- Veterans Benefits
- Financial Planning and Advice regarding Investments, Insurance, Annuities, and Reverse Mortgages
- Tax Planning
- Guardianships and Conservatorships
- Estate and Trust Administration
- Special Needs Planning
- Care Management Services
- Business Planning and Succession Planning