



School of Industrial and Labor Relations
Employment and Disability Institute

Work Incentives Support Center

Just the Facts

Regulations and Tips for BPA&O and PABSS by Connie Ferrell

Title: Disabled Veteran's Benefits, SSI/Title II Benefits, and Wages

Veterans Benefits are a federally sponsored program that offers benefits for eligible veterans and their dependents. As benefit specialists, it is important to know of them and to know how to refer the person to the local Service Officer.

The Department of Veterans Affairs (VA) (formally Veteran Administration) is responsible for providing federal benefits to veterans and their dependents. The VA operates nationwide programs covering a range of services. These include compensation and pension, education and training, medical care, counseling services, benefits to homeless veterans, research, home loan assistance, life insurance, and national cemeteries.

This fact sheet will address the disability financial compensation and disability-related pension programs that may affect many benefits analysis clients. The interface between these programs and SSI/Title II will be explained, as well as the effect of wages on these benefits. For more information about dependents' benefits, as well as the other programs and services listed above, visit www.va.gov or call Toll Free 1-800-827-1000.

NOTES:



Disability Compensation

This program provides monetary compensation to veterans with disabilities, diseases, or injuries incurred or aggravated during service. Participants are also provided access to other VA benefits, such as health care, use of military facilities (i.e. commissary, hospital, etc.) and military burial. Related details include:

- The member must not have been dishonorably discharged from services.
- Amount of disability compensation depends on the degree of disability incurred (i.e., 20%, 60%, 100% disability).
- Disability compensation is paid monthly. As an example, in 2005, a qualified individual with 100% disability and no dependents is eligible for \$2299 monthly. If this same member has 2 dependents, he/she would receive \$2523 monthly.
- Benefits are not subject to federal or state income tax.

There is no reduction of payments due to earned or unearned income. In other words, benefit amount is not off-set by Title II payments, and Title II payments are not off-set by disability compensation.

The compensation amount is treated as unearned income in the SSI formula, so, therefore, reduces SSI cash benefit eligibility dollar for dollar after the \$20 exclusion.

Disability Pension

This program provides payments to wartime veterans with low incomes, who are permanently and totally disabled as a result of injuries or illnesses not related to their military service. Related facts include:

- The member must have been on active duty for 90 days or more, or which one day must have been during a period of war (if enlisted after 1980, the active duty minimum is 24 months).
- The person must not have been dishonorably discharged.
- The permanent and complete disability must be due to something other than the member's own willful conduct.
- Payments made through this program will bring the member's total income, including other retirement or Social Security income, to a level set by Congress. The compensation amount is off-set dollar-for-dollar by countable income (SSI, welfare, and other income-needs-based income are excluded, as is some of a dependent child's earnings).

An example of the annual amount that could be received, if there is not countable income, is \$10,162 (2005) for an individual with no dependents, or \$12,419 (2005) if house-bound with no dependents.

The compensation amount is treated as unearned income in the SSI formula, so, therefore, reduces the cash benefits eligibility dollar-for-dollar after

Any substantial wages earned by the member will most likely result in disqualification for this benefit type, as all gross wages off-set the pension amount dollar-for-dollar. The only exclusion that might apply is an exclusion of some income if medical expenses of the member are high.

Finally, the benefits specialist must ascertain from which of these two programs that the veteran receives payment before correct information concerning employment and its impact can be offered. If the person participates in ANY OTHER veteran's benefit program, the benefits specialist should refer the person to the Veteran's Administration or should seek information from this source on the person's behalf.