

## VETERANS' PENSION ACT OF 1959

August 12, 1959.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

### REPORT

together with

### MINORITY VIEWS

[To accompany H.R. 7650]

The Committee on Finance, to whom was referred the bill (H.R. 7650) to modify the pension programs for veterans of World War I, World War II, and the Korean conflict, and their widows and children, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

#### PRINCIPAL PURPOSE OF THE BILL

The principal purpose of this bill, designated as the Veterans' Pension Act of 1959, is to provide a liberalized and new pension law, based on the general principle of need and giving the greatest amount of pension to those in the greatest need. At the same time it would continue the existing disability requirements for a pension which are enumerated later in this report; eliminate the "all or nothing" feature of the existing income limitations and substitute a sliding scale of income limitations and rates of pension based thereon; increase the income limitations to permit payment of pension to some not now eligible; correct loopholes and existing inequities; provide a fairer test of need; provide the same eligibility requirements for widows and children of veterans of World Wars I, II, and the Korean conflict; and preserve to those persons on the rolls on the effective date of the bill the right to so remain.

In this connection it should be kept in mind that the term "pension" means an allowance that may be relied upon as a means to provide a measure of security for non-service-connected disabled wartime vet-

erans who are in need. The legal definition of "pension" is set forth in section 101(15), title 38, United States Code, as follows:

The term "pension" means a monthly payment made by the Administrator to a veteran because of service, age, or non-service-connected disability, or to a widow or child of a veteran because of the non-service-connected death of the veteran.

#### DEFICIENCIES IN EXISTING PROGRAM

Examinations conducted by and for the House Veterans' Affairs Committee have revealed that present law on the subject of non-service-connected disability pensions is deficient in several respects. On the one hand, a number of persons are in receipt of pension today who are not, under any realistic view, actually in need; conversely, there are a number of persons who have been denied pension although the need therefor is apparent.

As a recent General Accounting Office survey, published as Committee Print 30, revealed, substantial numbers of fairly affluent veterans were taking advantage of the loopholes. One pensioner, drawing his full \$78.75 a month, had, with his wife, \$7,171 of other income each year and more than \$15,000 in liquid assets. Another had liquid assets of \$51,540, plus a total family income of \$3,037 a year.

The shortcomings of the existing program were vividly pointed up, in this survey which revealed details of cases of veterans on the pension rolls with liquid assets in excess of \$50,000. Numerous cases were reported where the veteran and his wife had more income than the average American family, yet he was receiving a pension and had been on the rolls for many years. The survey indicated that about 20,000 of the married pensioners now on the rolls have family income in excess of \$5,000. More than 13,000 pensioners have liquid assets of \$15,000.

At the other end of the scale, the survey revealed that 46,000 married pensioners have no income other than their pension, while 114,000 have incomes of less than \$500 annually exclusive of pension.

#### PRESENT PENSION REQUIREMENTS

Under existing law (title 38, United States Code, and the Veterans' Administration's 1945 schedule for rating disabilities), veterans of World War I, World War II, or the Korean conflict are eligible for pension based on permanent and total non-service-connected disability. Pension is payable to any such veteran who served in the active military, naval, or air service for 90 days or more during the applicable period and who was discharged therefrom under conditions other than dishonorable, or who, having served less than 90 days, was discharged for disability incurred in service in line of duty. The veteran must have been in active service before the cessation of hostilities and be suffering from non-service-connected permanent and total disability not incurred as a result of his own willful misconduct or vicious habits. The rate is \$66.15 per month, except that where the veteran shall have been rated permanent and total and has been in receipt of pension for a continuous period of 10 years or reaches the age of 65 years and is permanently and totally disabled,

the rate is \$78.75 per month. A rate of \$135.45 per month is authorized in the case of an otherwise eligible veteran who is helpless or blind or so nearly helpless or blind as to need or require the regular aid and attendance of another person. Such pension is not payable to any unmarried person whose annual income exceeds \$1,400 or to any married person or any person with minor children whose annual income exceeds \$2,700.

In the administration of the aforementioned provisions the determination of permanent total disability is made on a very liberal basis. Such a rating is granted (where the requirement of permanence is met) when there is a single disability of 60 percent or two or more disabilities one of which is 40 percent in degree, combined with other disability or disabilities to a total of 70 percent, and unemployability attributed thereto. Although age alone is not considered as a basis for entitlement to such pension, it is considered in association with disability and unemployability in determining permanent and total disability. The aforementioned percentage requirements are reduced on the attainment of age 55 to a 60 percent rating for one or more disabilities, with no percentage requirement for any one disability; at age 60 to a 50 percent rating for one or more disabilities; and at age 65 to one disability ratable at 10 percent or more. When these reduced percentage requirements are met and the disability or disabilities involved are of a permanent nature, a permanent and total disability rating will be assigned, if the veteran is determined to be unable to secure and follow substantially gainful employment by reason of such disability. The requirements specified in this paragraph have been in effect since October 1948.

#### *Savings clause*

Under the savings provision of H.R. 7650 the veteran on the pension roll on the day before the general effective date of the bill, July 1, 1960, is permitted to choose whether he wants his pension based on the current pension rates or on the new scale proposed in H.R. 7650. Thus, no veteran of World War I, World War II, or the Korean conflict on the pension roll on June 30 of next year shall have his pension reduced or shall be removed from the pension rolls because of enactment of the pending bill. He is permitted to select the higher of the two rates, the one which will yield the greater amount of pension. The Veterans' Administration will continue to pay pensions on the present rates until specifically advised by the veteran in writing that he desires to be paid on the new pension scale.

#### *Pension rates and income limitations*

H.R. 7650 provides a sliding scale of pensions for veterans of World War I, World War II, and the Korean conflict, their widows and/or children, based on income and dependency status. The following tables show the changes in existing law as proposed in the House-passed bill and as modified by the Senate Committee on Finance.

*Comparative rate chart*  
WIDOWS AND CHILDREN

Present law		H.R. 7650 as passed by House of Representatives			H.R. 7650 as reported by Senate Committee on Finance		
Widow, no child		Widow, no child			Widow, no child		
Annual income up to—	Monthly pension	Annual income		Monthly pension	Annual income		Monthly pension
		More than—	But equal to or less than—		More than—	But equal to or less than—	
\$1,400.....	\$50.40		\$600.....	\$60		\$500.....	\$65
			\$1,200.....	45	\$500.....	\$1,000.....	35
			\$1,800.....	25	\$1,000.....	\$1,600.....	15
Widow, 1 child <sup>1</sup>		Widow, 1 child <sup>1</sup>			Widow, 1 child <sup>2</sup>		
Annual income up to—	Monthly pension	Annual income		Monthly pension	Annual income		Monthly pension
		More than—	But equal to or less than—		More than—	But equal to or less than—	
\$2,700.....	\$63.00		\$1,000.....	\$75		\$1,000.....	\$75
			\$2,000.....	60	\$1,000.....	\$2,000.....	60
			\$3,000.....	40	\$2,000.....	\$3,000.....	40

No widow, child alone		No widow, 1 or more children		No widow, 1 or more children	
Annual income up to—	Monthly pension	Annual income equal to or less than (earned income excluded)—	Monthly pension	Annual income equal to or less than (earned income excluded)—	Monthly pension
\$1,400.....	\$27.30.....	\$1,800.....	\$35 for 1 child and \$15 for each additional child.	\$1,800.....	\$35 for 1 child and \$15 for each additional child.
No widow, 2 children					
Annual income up to—	Monthly pension				
\$1,400 each.....	\$40.95.....				
No widow, 3 or more children					
Annual income up to—	Monthly pension				
\$1,400 each.....	\$54.60 and \$7.56 for each additional child.				

<sup>1</sup> Plus \$7.56 for each additional child.

<sup>2</sup> Plus \$15 for each additional child.

Comparative rate chart

Present law <sup>1</sup>		H. R. 7650 <sup>2</sup> as passed by House of Representatives			H. R. 7650 as reported by Senate Committee on Finance		
Veteran, no dependents		Veteran, no dependents			Veteran, no dependents		
Annual income up to—	Monthly pension	Annual income		Monthly pension	Annual income		Monthly pension
		More than—	But equal to or less than—		More than—	But equal to or less than—	
\$1,400.....	\$66.15 or \$78.75 <sup>2</sup> .....		\$600.....	\$85		\$500.....	\$85
			\$1,200.....	70		\$1,000.....	55
			\$1,800.....	40		\$1,600.....	20
Veteran and dependents		Veteran and dependents			Veteran, 1 dependent		
Annual income up to—	Monthly pension	Annual income		Monthly pension	Annual income		Monthly pension
		More than—	But equal to or less than—		More than—	But equal to or less than—	
\$2,700.....	\$66.15 or \$78.75 <sup>2</sup> .....		\$1,000.....	\$90		\$1,000.....	\$90
			\$2,000.....	75		\$2,000.....	75
			\$3,000.....	45		\$3,000.....	45
					Veteran, 2 dependents		
Annual income up to—	Monthly pension	Annual income		Monthly pension	Annual income		Monthly pension
		More than—	But equal to or less than—		More than—	But equal to or less than—	
			\$1,000.....			\$1,000.....	\$85
			\$2,000.....			\$2,000.....	75
			\$3,000.....			\$3,000.....	45

Veteran, 3 dependents

Annual income		Monthly pension
More than—	But equal to or less than—	
----- \$1,000-----	\$1,000-----	\$100
----- \$2,000-----	\$2,000-----	75
----- \$2,000-----	\$3,000-----	45

<sup>1</sup> Rate when veteran needs regular and attendance, \$135.45.

<sup>2</sup> Rates increased by \$70 when veteran needs regular and attendance. In addition, for this group the Administrator may furnish an invalid lift.

<sup>3</sup> After 10 years on pension rolls or at age 65.

Unlike compensation which is paid for disability incurred in service or death from a service incurred disability, pension is paid to veterans who, because of non-service-connected disability are unable to engage in substantially gainful employment or to the widows and orphans of veterans dying of disabilities not related to service and who are in need. A needs test must be met before pension can be paid. A reasonable rule should relate the amount of pension paid to the extent of the pensioner's need. Pension is not and never has been intended to support those who receive it on a standard above similarly situated persons who work and pay taxes.

Pension is intended as an honorable means of providing a measure of security for disabled wartime veterans who are in need and for the needy dependents of such veterans who have died.

Many factors must be considered when income limits (the yardsticks by which need for pension is measured) and rates of pension are established. Any pension program must have needs tests and pension rates that are so realistic that the pension program will not overshadow and endanger compensation payments to those who suffer disability incurred in service.

The changes made in respect to pension rate and income limitation are in the nature of a compromise of those proposed in the House-passed bill and a lower scale recommended by the Veterans' Administration.

#### *Annual income determinations*

In determining annual income the House-passed bill would require exclusion of the following: (a) payments of the 6-month death gratuity; (b) donations from public or private relief or welfare organizations; (c) payments by the Veterans' Administration of pension, compensation, and dependency and indemnity compensation; (d) payments under policies of U.S. Government life insurance or national service life insurance, and payments of servicemen's indemnity; (e) lump sum social security death payments; (f) payments to an individual under public or private retirement, annuity, endowment, or similar plans or programs equal to his contributions thereto; (g) amounts equal to amounts paid by a widow or child of a deceased veteran for (1) his just debts, (2) the expenses of his last illness, and (3) the expenses of his burial to the extent such expenses are not reimbursed by the Veterans' Administration; and (h) proceeds of fire insurance policies.

The Senate committee approved all the above exclusions proposed in the House-passed bill except recovery of amounts paid into a retirement fund.

Another House provision approved by the Senate committee was the repeal of present law provisions providing exclusions of the following amounts in determining income for pension purposes: (1) compensation for overtime performed in the Federal Government, (2) pensions and annuities received under the Railroad Retirement Acts, and (3) annuities paid by the service departments to survivors of deceased retired members of the Armed Forces.

The bill provides that all income which had been waived by the recipient is to be considered as the income of the beneficiary. There is no justification in the opinion of both the House and Senate committees for establishing income limitations in the law so as to provide a test of need for qualifying for pension, and at the same time permit-



ting beneficiaries to create their own need so as to qualify for the benefit.

Recoupment has a particularly undesirable effect as it creates, in many instances, a fictitious entitlement to pension for a specific period of time, that is, the period of recoupment. Individuals having no real need and enjoying a comfortable retirement income may be granted a pension which they do not need for adequate maintenance during the period required to recover their contributions to the retirement fund.

Another change in income computation provided by the House-passed bill is charging the veteran with his spouse's annual income in excess of \$1,200 or 50 percent, whichever is greater, unless to do so would work a hardship on him. The Committee on Finance deleted the alternative exclusion of "50 percent of wife's income." Thus, the first \$1,200 of the income of the wife will be counted in determining the income of the veteran unless in the judgment of the Administrator to do so would work a hardship on the veteran.

H.R. 7650 in permitting exclusion of 50 percent of the wife's income lends itself to manipulation and abuse. Income of the spouse often represents earnings on property transferred to her by the veteran, earnings still equally enjoyed by the veteran and others in the family. This permits the veteran to create his own "need" by assignment of property to his spouse. For instance, under H.R. 7650 he could transfer property producing income of \$6,000 annually and still be eligible for pension. This loophole would be closed by counting all the wife's income over \$1,200 reasonably available to him for support.

The bill provides discretionary authority for the Administrator to make a finding of net worth of the veteran, widow, or child which would lead to determination that the applicant is not eligible for pension because of net worth. The Administrator may require from any person applying for pension such information, proof, or evidence as he may desire in order to determine the annual income and the corpus of the estate of such person.

#### *Widows equalization*

The bill H.R. 7650 provides eligibility standards governing death pension which would grant pension to widows and orphans of World War II and the Korean conflict on the same basis as those now governing eligibility for widows and children of World War I veterans. Under existing law, widows and children of World War II and the Korean conflict are ineligible for pensions unless the veteran at the time of his death had some percent of service-connected disability, however slight, whereas widows and children of World War I veterans do not have to meet this requirement. H.R. 7650 removes this inequity and requires no showing of service connection for pension eligibility. The marriage delimiting dates specified are those presently in the law and do not change the eligibility of the widow anyway.

Under the House-passed bill this provision would be effective on July 1, 1960; under the Senate Finance Committee bill the effective date would be July 1, 1962, as recommended by the Veterans' Administration.

The principle that dependents of World War I, World War II, and the Korean conflict should, at the proper time, be accorded pension

benefits on a basis of equality has been accepted. The time at which such a change should be made should be determined by a careful balancing of the several factors involved. For first consideration is the needs common to the group for which benefits are intended. These needs differ for the dependents of the different wars. They are predicated on the general economic climate, the extent of primary rehabilitation benefits extended to veterans of each war, the average age of the widows and orphans and their related ability to support the family group, and the urgency of the benefit compared to other fiscal obligations of the Government. For widows and orphans of World War I, veterans' pensions were not available without establishing an ascertainable degree of service-connected disability until 26 years after the war. H.R. 7650 would provide equalization of eligibility requirements only 14 years after World War II. While 26 years may be too long, deferring eligibility equalization from 14 to 16 years following World War II appears entirely reasonable.

#### *Invalid lift for pensioners*

H.R. 7650 authorizes the Administrator to furnish an invalid lift, if medically indicated to any veteran in receipt of pension based on the need of regular aid and attendance. This brings a new benefit into the law never before available for non-service-connected beneficiaries.

#### *Pension reduction while hospitalized*

The House-passed bill made no change in present law which provides for withholding of all but \$30 or 50 percent of the pension otherwise due a veteran without dependent after 6 months' hospitalization by the Veterans' Administration. Amounts withheld are subject to payment after discharge from the hospital. The amendment adopted by the Senate Finance Committee would reduce to \$30 the pension of a veteran after 2 full months of hospital or domiciliary care by the Veterans' Administration. The balance of pension otherwise payable may be paid to dependents. Although the reduction of pension while hospitalized is applicable to veterans of all wars, the effect of this would be negligible because of the "savings clause" provision provided in the bill.

When a veteran is receiving all essential care in kind as he does when hospitalized by the Veterans' Administration or as a member of a Veterans' Administration domiciliary, the need for a money supplement to the basic essentials of daily living—food, shelter, and clothing—is greatly reduced. Thirty dollars a month would provide adequate funds for minor luxuries. For veterans with dependents, the pension otherwise payable is available for payment to the dependents and should rightly go for their use.

This change in existing law is made at the request of the Veterans' Administration.

#### *Additional period for obtaining NSLI*

The bill was further amended by adding a new section (context of Senate bill S. 1113) the purpose of which is to provide a 1-year period during which certain veterans may be granted national service life insurance. It would extend the privilege of securing national service life insurance to veterans who served between September 2, 1945, and

April 24, 1951, shall be subject to all provisions of the National Service Life Insurance Act. In order to reinstate insurance under this amendment the veteran must file application and upon showing of good health would be granted the insurance. It also contains provisions to cover the administrative costs necessitated by this amendment.

The provisions of this amendment are more fully described in the following report from the Veterans' Administration:

August 11, 1959.

HON. HARRY F. BYRD,  
*Chairman, Committee on Finance,*  
*U.S. Senate, Washington, D.C.*

DEAR SENATOR BYRD: The following comments are submitted in response to your request for a report on S. 113, 86th Congress.

The bill proposes to:

(1) Restore for 1 year the eligibility (in effect prior to April 25, 1951) of veterans who had active service between October 8, 1940, and September 2, 1945, both dates inclusive, for World War II participating national service life insurance.

(2) Authorize for 1 year (and for the first time) the issuance of the same type of postservice participating national service life insurance to veterans who had active service between September 3, 1945, and April 24, 1951, both dates inclusive.

(3) Restore for 1 year the eligibility of persons separated from active service on and after April 25, 1951, and prior to January 1, 1959, who have a service-connected disability but are otherwise in good health, for nonparticipating service disabled veterans' insurance.

(4) Provide a 1-year period during which veterans separated from active service on and after April 25, 1951, and prior to January 1, 1957, could be granted nonparticipating limited convertible term or permanent plan national service life insurance.

(5) Require that the administrative cost of insurance granted to persons in the above groups, except the service-disabled veterans, be borne by the insureds by means of (a) reduction in dividends in the participating insurance group, and (b) a loading of the premium in the nonparticipating insurance group.

The right to apply for and be granted national service life insurance was originally limited to persons in the active service on or after October 8, 1940. Public Law 589, 79th Congress, approved August 1, 1946, among other things, amended the National Service Life Insurance Act to provide that any individual who had active service between October 8, 1940, and September 2, 1945, both dates inclusive, could be granted such insurance upon application, payment of premiums and (with the exception of certain service-disabled persons who applied prior to January 1, 1950) a showing of good health at the time of application. This continued to be the law up to April 25, 1951, at which time the authority to issue insurance to persons in the active service and to persons who served during the indicated period was terminated by Public Law 23, 82d Congress.

Public Law 23, 82d Congress (Servicemen's Indemnity Act of 1951 and Insurance Act of 1951), among other things, provided for the payment of a maximum of \$10,000 free automatic servicemen's

indemnity for death in active service, and for the issue of non-participating insurance under the National Service Life Insurance Act to persons discharged on or after April 25, 1951. The new post-service insurance was available to two groups. Five-year term insurance (under sec. 621) was authorized for persons who applied therefor within 120 days after discharge from active service. Insurance on term and permanent plans (under sec. 620) was provided for persons with a service-connected disability if applied for within 1 year from the date service connection is determined by the Veterans' Administration. One of the reasons advanced by the Congress for the enactment of Public Law 23 was the desire to remove the Government from the life insurance business as far as practicable.

The question of the extent to which the Government should issue life insurance to persons after discharge from military service was also considered by the 84th Congress. After extensive studies and hearings Public Law 881 was enacted. That law, effective January 1, 1957, consolidated the free \$10,000 servicemen's indemnity program and the death compensation program into a new death benefit program (dependency and indemnity compensation) and terminated authority to issue postservice term insurance under section 621 of the National Service Life Insurance Act, thus limiting the initial issue of postservice insurance to the service-connected disabled (under sec. 620 of that act).

Persons who served between October 8, 1940, and September 2, 1945, had more than 4 years within which to apply for national service life insurance after service, in addition to the right to apply at any time during their active service. Further, those persons who were in the active service prior to April 25, 1951, were also eligible to apply for insurance while in such service. Persons separated from service after April 25, 1951, who have a service-connected disability have had and will continue to have under existing law (38 U.S.C. 722) a period of 1 year from the date service connection is determined by the Veterans' Administration within which to apply for service disabled veterans insurance. Persons eligible for the veterans' special term insurance (except those discharged less than 120 days prior to the cut-off date of January 1, 1957) had a period of 120 days from separation within which to apply.

There is enclosed for the committee's consideration a statement containing additional comments on technical and other aspects of S. 1113, together with details of the administrative and benefit costs involved.

Based on a number of assumptions and conditions set forth in the enclosed statement (including a suggested deferred effective date of the bill), it is estimated that the administrative cost of the bill to the Veterans' Administration for the first 5 years will be as follows:

1st year.....	\$4,020,000
2d year.....	6,290,000
3d year.....	3,270,000
4th year.....	3,110,000
5th year.....	2,910,000

The above cost for the first year is exclusive of the cost of necessary physical examinations which, under certain conditions, could involve about \$9 million. Detailed comment on this aspect is contained in the attachment. It is not possible to estimate accurately the overall

administrative cost of the bill to the Government (which would be borne by other than the service-disabled insureds) without making an extensive new study of the current elements of such expense. However, a study completed about 6 years ago (House Committee Print No. 55, "Insurance Operations of the Veterans' Administration," May 15, 1953), adjusted because of certain changed conditions, indicates that the additional expense incurred by other Government agencies properly allocable to insurance administrative cost would average an added 25 percent of the cost incurred by the Veterans' Administration.

It should be noted that while certain policyholders under the bill will bear the administrative costs of their insurance, the amount of such costs will be transferred each year either to the general funds receipts in the Treasury or to the insurance appropriation. Accordingly, enactment of the bill will require additional annual appropriations for the general operating expenses of the Veterans' Administration in the amounts estimated above.

Under the bill the Government will be required to bear the so-called extrahazard cost of claims as well as the cost which exceeds the income from premiums on the service-disabled insurance. Again based on certain assumptions that are itemized in the attachment, it is estimated that such cost to the Government would total about \$215,000 the first year following enactment and \$430,000 for each of the next 4 years.

The policy of the executive branch and the Congress in recent years has been to reduce, to the extent feasible, commercial-type activities of the Federal Government. In the field of Government insurance for servicemen and veterans, this policy has found expression in the enactment of Public Law 23 in 1951 and Public Law 881 in 1956. I am in accord with this policy and believe that the Government should not reopen an insurance program for nondisabled veterans who can readily purchase comparable coverage at reasonable rates from private companies. Accordingly, I do not recommend favorable consideration of the proposed legislation by your committee.

Advice has been received from the Bureau of the Budget that the enactment of the proposed legislation would not be in accord with the program of the President.

Sincerely yours,

SUMNER G. WHITTIER,  
*Administrator.*

FURTHER ANALYSIS, COMMENTS, AND COST DATA, REGARDING S. 1113,  
86TH CONGRESS

*Insurance proposed for nondisabled veterans*

Section 38 U.S.C. 725(a), as proposed by S. 1113, limits eligibility to insurance thereunder to persons who served on active service, as that term was defined in the NSLI Act<sup>1</sup> prior to its repeal. Although the service of certain groups was not considered active service as defined by that act, they were brought within its purview by later statutes. Attendance of cadets and midshipmen at the Academies during World War II was deemed active service for insurance purposes by section 10 of Public Law 144, 78th Congress. Commissioned

<sup>1</sup> For brevity, the National Service Life Insurance Act of 1940, as amended, is referred to as the "NSLI Act."

officers of the Coast and Geodetic Survey assigned to duty under certain conditions were brought within its scope by Public Law 786, 78th Congress. Commissioned officers of the Public Health Service entitled to full military benefits under section 212 of Public Law 410, 78th Congress, and Executive Order 9575, were eligible for national service life insurance. If the bill is considered further it should be clarified as to whether it is intended to reopen national service life insurance to such persons.

The bill provides that the insurance to be issued under the proposed 38 U.S.C. 725(a) would be subject to "the conditions and limitations" of section 602(c)(2) of the NSLI Act. Among other things, this is apparently intended to exclude from its purview persons who served before July 1, 1946, in the organized military forces of the Government of the Philippines while such forces were in the service of the Armed Forces of the United States pursuant to the military order of the President dated July 26, 1941. By virtue of a statute referred to in the mentioned section 602(c)(2), which statute is now restated in 38 U.S.C. 107(a), the rights of such persons to insurance coverage are limited to contracts of insurance entered into before February 18, 1946. A question may arise, however, concerning persons who served in the Philippine Scouts under section 14 of the Armed Forces Voluntary Recruitment Act of 1945. Section 107(b) of title 38 limits the rights of such persons to insurance contracts entered into before May 27, 1946, or insurance issued under section 620 or 621 of the NSLI Act, or under 38 U.S.C. 722. However, there is no provision in section 602(c)(2) with respect to their rights to insurance. If the bill receives favorable consideration it should be clarified as to whether these Philippine Scouts are to be eligible for insurance under the proposed section 725(a).

The maximum amount of insurance for which a veteran who has cash-surrendered a permanent-plan policy would be eligible under the proposed section 725(a) would be decreased by the principal amount of the insurance surrendered. This would result from a limitation in section 602(c)(2) of the NSLI Act which would be made applicable to insurance granted under the bill. Since veterans whose term policies have expired or whose permanent-plan policies have lapsed would be eligible for insurance under the bill, there appears no sound reason to exclude from the full benefits of the bill persons who cash-surrendered their insurance, possibly for impelling financial reasons at the time.

The proposed subsection 725(b) of title 38 provides for the issuance of insurance in accordance with the provisions of section 621 of the NSLI Act, with certain exceptions. One of these exceptions is that the insurance shall be limited convertible term or permanent-plan insurance with premiums based on table X-18 and interest at the rate of 2½ percent with an additional amount for administrative costs. It may be intended that this insurance be the same (with the exception of loading for administrative costs) as that authorized under 38 U.S.C. 723(b), the only limited convertible term insurance presently issued. However, in its present form the bill is ambiguous.

The "limiting" factor in the convertible term insurance now issued under section 723(b) is that after September 1, 1960, such insurance may not be issued or renewed on the term plan after the insured's 50th birthday. Unless this provision is to apply to the limited con-

vertible term insurance authorized under the bill such insurance would be limited in name only. It could be issued at any age and would be renewable indefinitely throughout the lifetime of the insured.

If the age limitation of section 723(b) is to apply and the bill becomes effective after September 1, 1959, persons over age 50 will not be afforded 1 year within which to apply for limited convertible term insurance. On the other hand, if such limitation does not apply, the bill would create a group of term policyholders who would be paying a lower premium than policyholders of term insurance issued under section 621 of the NSLI Act, but who would have the same right of renewing their term insurance without age limitation. Further, the bill does not specify what mortality table will be used to calculate the guaranteed values of permanent plan insurance or the rate of interest for settlement of annuities. Annuity settlements under section 621 are based on the annuity table for 1949 with interest at  $2\frac{1}{4}$  percent per annum whereas annuity settlements under section 723(b) are based on the same table with interest at  $2\frac{1}{2}$  percent per annum. The bill should be clarified as to the intent regarding each of the above aspects.

#### *Insurance proposed for the service-disabled veterans*

The insurance to be issued under the bill to the service-disabled veterans would be granted in accordance with the provisions of section 620 of the NSLI Act. Section 620 of that act has been repealed and restated, with certain amendments, as 38 U.S.C. 722(a). The amendments extended the time during which application may be filed on behalf of persons who are mentally incompetent and made some liberalization in the group of persons eligible for such insurance. If the right to purchase service disabled veterans' insurance is to be reopened at this time it should be made available to persons previously eligible to apply therefor under either the mentioned section 620 or 38 U.S.C. 722(a), and the insurance should be granted in accordance with the latter section.

#### *Administrative provisions and cost*

The bill provides that the premiums on insurance issued in accordance with section 621 of the NSLI Act shall be based on table X-18 and interest at the rate of  $2\frac{1}{2}$  percent "with an additional amount for administrative costs as determined by the Administrator." The latter is authorized to transfer annually an amount representing such administrative costs from the revolving fund to the general fund receipts in the Treasury. It is assumed that for this purpose it is intended that in addition to the administrative costs incurred by the Veterans' Administration there is to be included as well the costs which may be incurred by other Government agencies, such as the Departments of Defense, Treasury, Justice, etc.

From the standpoint of the veteran, as well as administrative feasibility, the so-called section 621 insurance should be offered at a fixed premium rate so that he will know what the cost will be in the future. We construe the bill as extending discretion to the Administrator under which the annual administrative costs per policy year could be determined at the time of issue, with such costs remaining constant with the life of the policy. In the case of participating insurance authorized under the bill, the same reasoning does not apply

since claim costs are not fixed. Under the authority vested in the Administrator, the administrative expenses on that insurance would be transferred from any surplus otherwise available for dividends. It is noted that the transfer would be from the national service life insurance fund to the national service life insurance appropriation. Since that appropriation is used for the payment of benefits rather than administrative expenses it would appear logical such administrative costs also should be transferred to the general fund receipts in the Treasury.

Persons applying for insurance under the bill would be required to submit evidence satisfactory to the Administrator of their qualifying condition of health. While the nondisabled veterans issued insurance under the bill are expected to pay for the year-to-year administrative costs of their insurance there is no provision in the bill specifically requiring them to pay for their initial qualifying physical examination. Under VA Regulation 3464 an applicant for national service life insurance may be examined by a medical officer of the Army, Navy, or Public Health Service, or he may be examined free of charge by a full-time or part-time salaried physician of the Veterans' Administration, or at his own expense by a duly licensed physician.

If the bill is enacted in its present form it is estimated that the Veterans' Administration would be requested to furnish free medical examinations to approximately 665,000 of the expected 1,330,000 applicants for insurance. It is obvious that these examinations cannot be timely accomplished by the 94 clinics of our Department of Medicine and Surgery in addition to the other work required of them. The costs of accomplishing these 665,000 examinations under the fee basis medical care program would be about \$9 million. Under the circumstances, and since the nondisabled policyholders are going to pay the administrative cost of the insurance issued to them, it is recommended if the bill is favorably considered that it be amended to provide that applicants for insurance thereunder (other than the service disabled) will be required to be examined at their own expense by a duly licensed physician.

The bill in its present form would be effective on the date of its enactment. If favorably considered it should be amended to become effective no earlier than July 1, 1960. The Veterans' Administration would need about 1 year in which to prepare for the workload which the bill would create. This time would be needed to recruit and train additional personnel; prepare and print applications, forms, and policies; obtain additional mechanical equipment; reprogram our electronic computer; prepare and print procedures; and make a new study of the current administrative costs in order to establish premium rates on the nonparticipating policies issued to nondisabled veterans.

There are approximately 16 million veterans who would be eligible to apply for insurance under the bill. It is not possible to estimate with any accuracy the number of applications which would be received or the number of policies that would be issued thereunder. However, the administrative cost to the Veterans' Administration that is set forth in the basic report is predicated on an estimate that 1,330,000 applications for insurance will be received and that 1 million policies will ultimately be issued, together with the additional assumptions that (1) the bill will be amended to become effective about July 1, 1960; (2) applicants (other than the service disabled) will be examined



at their own expense; and (3) one-half the applications will be processed the first year and one-half the second year. If the bill retains its present effective date our administrative costs will be increased.

Experience to date indicates that insurance issued to nondisabled veterans under section 621 of the NSLI Act is self-supporting but that insurance issued to service-disabled veterans under section 620 of that act is not. The loss on the latter insurance has averaged about \$90 per policy per year. Hence, the Government will be required to bear the excess cost of claims above income from premiums on the service disabled veterans' insurance issued under S. 1113. Based on the assumption that 2,000 policies of that insurance will be issued and that the loss will average \$90 each per year, it is estimated that the excess claim cost on that insurance would be about \$90,000 for the first year following enactment and about \$180,000 for each of the next 4 years.

On participating insurance issued under the bill the Government will also bear the excess mortality cost, the cost of waiver of premiums, and the cost of the total disability income benefits arising from death or total disability traceable to the extra hazard of military or naval service. Based on the assumptions that (1) of the assumed 1 million policies issued, 950,000 will be participating insurance; (2) the average face amount of such policies will be \$6,500; and (3) 2 percent of future claims on such insurance will be traceable to the extra hazards of service, it is estimated that such extra hazard cost to the Government will be \$125,000 for the first year following enactment and \$250,000 for each of the next 4 years. Proportionate adjustments would have to be made to the extent that the actual insurance issued differs from the 950,000 figure.

#### DEPARTMENTAL REPORTS

VETERANS' ADMINISTRATION,  
*July 24, 1959.*

Hon. HARRY F. BYRD,  
*Chairman, Committee on Finance,*  
*U.S. Senate, Washington, D.C.*

DEAR SENATOR BYRD: I am pleased to respond to your request for report on H.R. 7650, 86th Congress.

The purpose of the bill is to modify these pension programs for veterans of World War I, World War II, and the Korean conflict, and their widows and children.

Disability pensions are now available to these veterans if they are seriously disabled from causes not related to service. The basic pension rate is \$66.15 monthly and is raised to \$78.75 when the disabled veteran is 65 years of age or has been on the pension rolls for 10 consecutive years. Those who require aid and attendance are paid \$135.45 per month. No pension however is paid to a single veteran whose annual income exceeds \$1,400 or to a married veteran with an annual income in excess of \$2,700.

Death pensions are payable to certain widows and orphans of veterans of World War I, World War II, or the Korean conflict who die from causes not attributable to their service. The basic monthly rate for a widow alone is \$50.40. If there is a widow and one child the rate is increased to \$63, and \$7.56 is payable for each additional child. Pension of \$27.30 monthly may be paid for a child if there is no widow. \$40.95 for two children, \$54.60 for three children, and \$7.56 for each

additional child. Pension may not be paid to a widow or a child whose annual income exceeds \$1,400. The widow with one or more children is subject to an income limitation of \$2,700 annually.

H.R. 7650 would establish a graduated scale of pension payments which would vary according to income and family status. The maximum annual income limitation would be \$1,800 for a single veteran, a widow, or a child, and \$3,000 for a veteran with a wife or child and for a widow with a child. The monthly pension rates would range through three increments from \$85 to \$40 for a single veteran; \$90 to \$45 for a veteran with wife or child; \$60 to \$25 for a widow; \$75 to \$40 for a widow and child, plus \$15 for each additional child; and \$35 for a child alone, plus \$15 for each additional child. The veteran's rate would be increased by \$70 monthly if he needs regular aid and attendance.

In determining annual income the bill would require exclusion of the following: (a) payments of the 6-month death gratuity; (b) donations from public or private relief or welfare organizations; (c) payments by the Veterans' Administration of pension, compensation, and dependency and indemnity compensation; (d) payments under policies of U.S. Government life insurance or national service life insurance, and payments of servicemen's indemnity; (e) lump sum social security death payments; (f) payments to an individual under public or private retirement, annuity, endowment, or similar plans or programs equal to his contributions thereto; (g) amounts equal to amounts paid by a widow or child of a deceased veteran for (1) his just debts, (2) the expenses of his last illness, and (3) the expenses of his burial to the extent such expenses are not reimbursed by the Veterans' Administration; and (h) proceeds of fire insurance policies.

Currently (a), (c), (d), (f), and (h) are excluded as well as mustering-out pay, Federal or State bonus payments, railroad retirement benefits, annuities paid by service departments to survivors of deceased retired members of the Armed Forces, and compensation for overtime performed in the Federal Government.

Other changes in income computation provided by the bill are nonrecognition of any waiver of income, and charging the veteran with his spouse's annual income in excess of \$1,200 or 50 percent, whichever is greater, unless to do so would work a hardship on him. Further, it grants authority to deny pension when the net worth of the claimant's estate is so large that a part should be used for his maintenance.

Under existing law widows and children of World War II or Korean conflict veterans are ineligible for pension unless the veteran at time of death had some percent of service-connected disability. H.R. 7650 would eliminate this requirement and thereby make these groups eligible for death pension on the same basis as widows and children of World War I veterans.

The bill would preserve the eligibility under present law of persons on the pension rolls when it would become effective (July 1, 1960), as well as those whose claims are pending at that time. The new program would, of course, be available to such persons and, if they so elected, it would become the only system under which they might qualify thereafter.

Section 5 of the bill authorizes the Veterans' Administration to furnish an invalid lift, if medically indicated, to veterans receiving pension based on need for aid and attendance. This benefit would be available to eligible veterans of all wars.

You will recall that on April 15, 1959, I submitted to the Senate a proposal to modernize the pension programs for veterans of World War I, World War II, and the Korean conflict, and their dependents. I pointed out present inequities and deficiencies and explained how my proposal would remedy them. H.R. 7650 embodies a number of the basic principles I advocate. However, in certain areas it departs from the concept of pension based on need.

My proposal recommended the principle of a graduated scale of pension payments. I believe the rate tables I recommended are consistent with a pension program designed to assist needy veterans and dependents. On the other hand the maximum income limitations proposed by H.R. 7650 are too high while the tests of need are too low.

Any program based on need should contain a realistic test of need. H.R. 7650 departs from this principle in failing to take into account all moneys available for support. This is exemplified in its provisions excluding certain payments from computation as annual income. The availability of a dollar rather than its source should control in determining whether a person needs assistance.

H.R. 7650 partially recognizes this principle in requiring that a portion of a spouse's income should be charged to a veteran seeking pension assistance. The basis for partial exclusion is not apparent. Recognizing the realities of the situation, I believe that all of a spouse's income should be counted if the veteran and his spouse are living together.

While a pensioner is being maintained at Veterans' Administration expense in a hospital or home, the need on which his pension is based has been materially reduced. I have recommended the elimination of this duplication of benefits by reducing his pension after a short period of such hospitalization or home care. H.R. 7650 does not take account of this duplication.

As previously noted the bill provides for equalizing death pension eligibility requirements. This was not included in our legislative program this year because of the primary importance of correcting the more basic inequities in the present pension system. It should be remembered, of course, that veterans of World War II, and the Korean conflict have been provided with liberal readjustment benefits for themselves and their families.

The first 5-year net additional cost of H.R. 7650, if enacted, is estimated as follows:

(In thousands of dollars)

Year	Total	Living veterans	Deceased veterans cases	Death pension equalization
1st.....	307, 886	103, 315	50, 303	154, 268
2d.....	294, 230	85, 024	47, 121	162, 085
3d.....	267, 698	49, 222	40, 757	177, 719
4th.....	227, 900	14, 481	31, 211	201, 170
5th.....	174, 830	176, 089	18, 483	232, 436

! Savings.

Over the next 40 years H.R. 7650, which includes \$22 billion for death pension equalization, would cost \$10 billion more than existing law. My proposal, on the other hand, would significantly reduce projected outlays under existing law.

Insofar as it embodies those basic principles I submitted with my proposal of April 15, 1959, H.R. 7650 represents a forward step. However, I feel that my proposal would provide a more realistic test of need, result in a more equitable pension system than is authorized by present law or as it would be amended by H.R. 7650, and carry out the President's desire to " \* \* \* better serve those who are now in need and at the same time minimize the burden placed on taxpayers by present law."

Sincerely yours,

SUMNER G. WHITTIER,  
*Administrator.*

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
*Washington, D.C., July 24, 1959.*

HON. HARRY F. BYRD,  
*Chairman, Committee on Finance,  
U.S. Senate, Washington, D.C.*

MY DEAR MR. CHAIRMAN: This will acknowledge your request of June 17, 1959, for the views of the Bureau of the Budget with respect to H.R. 7650, a bill to modify the pension programs for veterans of World War I, World War II, and the Korean conflict, and their widows and children.

On April 15, 1959, the Administrator of Veterans' Affairs submitted a draft bill for similar purposes which was introduced as H.R. 6432. This bill was the result of thoroughly considered efforts by the executive agencies over a period of several years to develop a sound and equitable proposal for modernizing the veterans' pension laws. It was designed to modify the traditional veterans' pension program so it could continue to serve a useful and proper function under present-day conditions where the Government has developed other extensive and closely related programs to provide income for aged or disabled citizens and for their survivors. It still represents our views.

It has been evident for some time that a thoroughgoing overhaul of the veterans' pension laws was needed in order to correct serious deficiencies which result in inadequate benefits to the genuinely needy while providing pensions to a large and increasing number of veterans who have incomes larger than many people who pay taxes for their support. Expenditures for pensions are mounting rapidly and legislation is badly needed if we are to most effectively spend the billions of dollars for pensions projected in the years to come. In the next 40 years aggregate pension disbursements under present laws are estimated at \$106 billion—an average of more than \$2.5 billion a year.

We believe the provisions of H.R. 6432 would continue the veterans' pension program on a basis which would be fair to the veterans and yet not impose unnecessary burdens upon the taxpayers of the Nation. In keeping with the basic principle that pensions are designed to provide assistance to those in need, it would increase rates for veterans and dependents of veterans who have little or no other income. The

largest increases would be for those with families. On the other hand, graduated income limitations would provide progressively lower pensions to veterans as their other income increases. All income, except public or private welfare payments, received by a veteran and his spouse would be counted, and assets would be considered, in determining eligibility for pension. While the maximum income limitations under the bill would compare favorably with those under present law, the sliding income scale and the related provisions would provide a more equitable basis for meeting need. These new provisions, however, would not be applied to individuals now receiving pensions because they would be permitted to continue under provisions of present law as long as they remain continuously on the pension rolls.

H.R. 6432 would increase benefits for 55 percent of all those presently on the rolls and would reduce benefits for no person now receiving pension. It would require added expenditures of \$100 million above present law in its first year, but in the next 40 years would reduce significantly the projected outlays under existing laws.

H.R. 7650 embodies some of the features proposed by the administration. It uses the graduated income limitations to mitigate the all-or-nothing weakness of the present flat income limitations and provides increased pensions to those with lesser amounts of other income. It also counts part of the spouse's income and certain other income now excluded from the limitations, as well as assets, in determining eligibility for pension.

However, while paralleling the administration bill in form, the major substantive provisions of H.R. 7650 depart significantly from the objectives recommended by the President in the following respects:

1. The income limitations proposed are too high to serve as effective tests of need. The maximum limits on outside income of \$1,800 a year for a single veteran and \$3,000 a year for a married veteran are \$400 and \$300 higher, respectively, than under present law and higher than the maximum benefits provided under social security.

2. The rates of pension for veterans in the upper permitted income brackets are excessive. A single veteran with \$1,800 of income would receive a tax-free pension of \$480 a year (\$2,280 in all). A married veteran with \$3,000 of outside income would receive tax-free pension payments of \$540 a year (\$3,540 in total, or even more if the spouse has income). The inadequacy of the proposed income limits as tests of need is indicated by the fact that other people with income of this size are required to pay \$300 to \$400 of Federal income taxes.

3. Insufficient recognition would be given to veterans with dependent children. A flat maximum rate of \$90 per month would be provided for all veterans with dependents, regardless of number, as contrasted with graduated rates of up to \$100 for veterans with children under the administration proposal.

4. Large and increasing amounts of income would be exempted from the income limitations. The bill entirely exempts other Veterans' Administration payments. It exempts \$1,200 a year or 50 percent, whichever is greater, of the spouse's income. It also exempts social security and other contributory benefits completely until the individual has received benefits equal to his prior contributions. These exemptions will result in anomalous and wasteful situations under which individuals or families with incomes of \$5,000, or even \$10,000, a year will be able to receive VA pensions.

5. Millions of widows and children of World War II and Korean conflict veterans would be established as likely potential recipients of veterans' pensions on the same basis as dependents of World War I veterans. The extensive readjustment benefits which have raised the living standard of World War II and Korean conflict veterans and their families and the extension and improvement of our social security programs so that survivorship protection is almost universally enjoyed by them make this costly change of relatively low priority.

6. The bill, including the provisions for widows and children, would cost \$308 million more than present law the first year. In the next 40 years, instead of effecting a saving, it would add \$10 billion to the cost of the program under present law.

In the 1960 budget message (p. M73), the President stated:

"We must continue veterans' pensions and increase pension rates for those who are without other resources, particularly if they have families. However, eligibility should be determined according to effective tests of need, both as to income and as to net worth, so that payments will no longer be made where the veteran or his family has adequate resources for basic necessities from other sources. Properly applied, I believe this approach can better serve those who are now in need and at the same time minimize the burden placed on taxpayers by present laws."

H.R. 7650 represents a considerable departure from the principles recommended by the President. On the other hand, enactment of legislation along the lines of H.R. 6432 would be in accord with the program of the President, and we, therefore, urge that it receive your favorable consideration.

Sincerely yours,

ELMER B. STAATS, *Acting Director.*

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### CHAPTER 15, AND SUBCHAPTER II OF CHAPTER 17, OF TITLE 38 OF THE UNITED STATES CODE

### CHAPTER 15—PENSION FOR NON-SERVICE-CONNECTED DISABILITY OR DEATH OR FOR SERVICE

#### SUBCHAPTER I—GENERAL

Sec.

- 501. Definitions.
- 502. Determinations with respect to disability.
- [503. Items not considered in determining income.]
- 503. *Determinations with respect to annual income.*
- 504. Persons heretofore having a pensionable status.
- 505. Payment of pension during confinement in penal institutions.
- 506. *Resource reports and overpayment adjustments.*

SUBCHAPTER II—VETERAN'S PENSIONS

Service Pension

- 510. Confederate forces veterans.
- 511. Indian War veterans.
- 512. Spanish-American War veterans.

Non-Service-Connected Disability Pensions

- 521. Veterans of World War I, World War II, or the Korean conflict, [522. Income limitations.]
- 522. Net worth limitation.
- 523. Combination of ratings.

SUBCHAPTER III—PENSIONS TO WIDOWS AND CHILDREN

Wars Before World War I

- 531. Widows of Mexican War veterans.
- 532. Widows of Civil War veterans.
- 533. Children of Civil War veterans.
- 534. Widows of Indian War veterans.
- 535. Children of Indian War veterans.
- 536. Widows of Spanish-American War veterans.
- 537. Children of Spanish-American War veterans.

World War I, World War II, and the Korean Conflict

- [541. Widows of World War I veterans.
- [542. Children of World War I veterans.
- [543. Widows of World War II or Korean conflict veterans.
- [544. Children of World War II or Korean conflict veterans.
- [545. Income limitations.]
- 541. Widows of World War I, World War II, or Korean conflict veterans.
- 542. Children of World War I, World War II, or Korean conflict veterans.
- 543. Net worth limitation.

SUBCHAPTER IV—ARMY, NAVY, AND AIR FORCE MEDAL OF HONOR ROLL

- 560. Medal of honor roll; persons eligible.
- 561. Certificate entitling holder to pension.
- 562. Special provisions relating to pension.

Subchapter I—General

§ 501. Definitions

For the purposes of this chapter—

(1) The term "Indian Wars" means the campaigns, engagements, and expeditions of the United States military forces against Indian tribes or nations, service in which has been recognized heretofore as pensionable service.

(2) The term "World War I" includes, in the case of any veteran, any period of service performed by him after November 11, 1918, and before July 2, 1921, if such veteran served in the active military, naval, or air service after April 5, 1917, and before November 12, 1918.

(3) The term "Civil War veteran" includes a person who served in the military or naval forces of the Confederate States of America during the Civil War, and the term "active military or naval service" includes active service in those forces.

§ 502. Determinations with respect to disability

(a) For the purposes of this chapter, a person shall be considered to be permanently and totally disabled if he is suffering from—

- (1) any disability which is sufficient to render it impossible for the average person to follow a substantially gainful occupation,

but only if it is reasonably certain that such disability will continue throughout the life of the disabled person; or

(2) any disease or disorder determined by the Administrator to be of such a nature or extent as to justify a determination that persons suffering therefrom are permanently and totally disabled.

(b) For the purposes of this chapter, a person shall be considered to be in need of regular aid and attendance if he is helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.

**[ § 503. Items not considered in determining income**

**[**For the purposes of this chapter, in determining annual income, the Administrator shall not consider—

**[**(1) payments under laws administered by the Veterans' Administration because of disability or death;

**[**(2) payments of mustering-out pay;

**[**(3) payments of the six months' death gratuity;

**[**(4) annuities under chapter 73 of title 10;

**[**(5) payments of adjusted compensation; and

**[**(6) payments of bonus or similar cash gratuity by any State based on service in the Armed Forces.**]**

**§ 503. Determinations with respect to annual income**

*In determining annual income under this chapter, all payments of any kind or from any source (including salary, retirement or annuity payments, or similar income, which has been waived, irrespective of whether the waiver was made pursuant to statute, contract, or otherwise) shall be included except—*

(1) *payments of the six-months' death gratuity;*

(2) *donations from public or private relief or welfare organizations;*

(3) *payments under this chapter, and chapters 11 and 13 (except section 412) of this title;*

(4) *payments under policies of United States Government life insurance or National Service Life Insurance, and payments of servicemen's indemnity;*

(5) *lump sum death payments under subchapter II of chapter 7 of title 42;*

(6) *amounts equal to amounts paid by a widow or child of a deceased veteran for—*

(A) *his just debts,*

(B) *the expenses of his last illness, and*

(C) *the expenses of his burial to the extent such expenses are not reimbursed under chapter 23 of this title;*

(7) *proceeds of fire insurance policies.*

**§ 504. Persons heretofore having a pensionable status**

The pension benefits of subchapters II and III of this chapter shall, notwithstanding the service requirements of such subchapters, be granted to persons heretofore recognized by law as having a pensionable status.

**§ 505. Payment of pension during confinement in penal institutions**

(a) No pension under public or private laws administered by the Veterans' Administration shall be paid to or for an individual who has been imprisoned in a Federal, State, or local penal institution as a result of conviction of a felony or misdemeanor for any part of the



period beginning sixty-one days after his imprisonment begins and ending when his imprisonment ends.

(b) Where any veteran is disqualified for pension for any period solely by reason of subsection (a) of this section, the Administrator may apportion and pay to his wife or children the pension which such veteran would receive for that period but for this section.

(c) Where any widow or child of a veteran is disqualified for pension for any period solely by reason of subsection (a) of this section, the Administrator may (1) if the widow is so disqualified, pay to the child, or children, the pension which would be payable if there were no such widow or (2) if a child is so disqualified, pay to the widow or other children, as applicable, the pension which would be payable if there were no such child.

### § 506. Resource reports and overpayment adjustments

(a) *As a condition of granting or continuing pension under sections 521, 541, or 542 of this title, the Administrator—*

(1) *may require from any person applying for, or in receipt of, pension thereunder such information, proofs, or evidence as he desires in order to determine the annual income and the corpus of the estate of such person;*

(2) *shall require that any such person file each year with the Veterans' Administration (on the form prescribed by him) a report showing the total income which he received during the preceding year, the corpus of his estate at the end of that year, and his estimate for the then current year of the total income he expects to receive and of any expected increase in the corpus of his estate; and*

(3) *shall require that any such person promptly file a revised report whenever there is a material change in his estimated annual income or a material change in his estimate of the corpus of his estate.*

(b) *If there is an overpayment of pension under sections 521, 541, or 542 of this title, the amount thereof shall be deducted (unless waived) from any future payments made thereunder to the person concerned.*

## Subchapter II—Veterans' Pensions

### SERVICE PENSION

#### § 510. Confederate forces veterans

The Administrator shall pay to each person who served in the military or naval forces of the Confederate States of America during the Civil War a monthly pension in the same amounts and subject to the same conditions as would have been applicable to such person under the laws in effect on December 31, 1957, if his service in those forces had been service in the military or naval service of the United States.

#### § 511. Indian War veterans

(a) The Administrator shall pay to each veteran of the Indian Wars who meets the service requirements of this section a pension at the following monthly rate:

(1) \$101.59; or

(2) \$135.45 if the veteran is in need of regular aid and attendance.

(b) A veteran meets the service requirements of this section if he served in one of the Indian Wars—

- (1) for thirty days or more; or
- (2) for the duration of such Indian War;

in any military organization, whether or not such service was the result of regular muster into the service of the United States, if such service was under the authority or by the approval of the United States or any State.

### § 512. Spanish-American War veterans

(a) (1) The Administrator shall pay to each veteran of the Spanish-American War who meets the service requirements of this subsection a pension at the following monthly rate:

- (A) \$101.59; or
- (B) \$135.45 if the veteran is in need of regular aid and attendance.

(2) A veteran meets the service requirements of this subsection if he served in the active military or naval service—

- (A) for ninety days or more during the Spanish-American War;
- (B) during the Spanish-American War and was discharged or released from such service for a service-connected disability; or
- (C) for a period of ninety consecutive days or more and such period began or ended during the Spanish-American War.

(b) (1) The Administrator shall pay to each veteran of the Spanish-American War who does not meet the service requirements of subsection (a), but who meets the service requirements of this subsection, a pension at the following monthly rate:

- (A) \$67.73; or
- (B) \$88.04 if the veteran is in need of regular aid and attendance.

(2) A veteran meets the service requirements of this subsection if he served in the active military or naval service—

- (A) for seventy days or more during the Spanish-American War; or
- (B) for a period of seventy consecutive days or more and such period began or ended during the Spanish-American War.

### NON-SERVICE-CONNECTED DISABILITY PENSION

### § 521. Veterans of World War I, World War II, or the Korean conflict

(a) The Administrator shall pay to each veteran of World War I, World War II, or the Korean conflict, who meets the service requirements of this section, and who is permanently and totally disabled from non-service-connected disability not the result of the veteran's willful misconduct or vicious habits, [a pension at the following monthly rate:

- [(1) \$66.15; or
- [(2) \$78.75 if (A) the veteran is sixty-five years of age or older, or (B) the veteran has been rated as permanently and totally disabled for a continuous period of ten years and he has been in receipt of pension throughout such period; or
- [(3) \$135.45 if the veteran is in need of regular aid and attendance.]

pension at the rate prescribed by this section.

(b) If the veteran is unmarried (or married but not living with and not reasonably contributing to the support of his spouse) and has no child, pension shall be paid at the monthly rate set forth in column II of the following table opposite the veteran's annual income as shown in column I:

Column I		Column II
Annual income		
More than—	But equal to or less than—	
\$500	\$500	\$85
1,000	1,000	65
	1,600	20

(c) If the veteran is married and living with or reasonably contributing to the support of his spouse, or has a child or children, pension shall be paid at the monthly rate set forth in column II, III, or IV of the following table opposite the veteran's annual income as shown in column I:

Column I		Column II One depend- ent	Column III Two depend- ents	Column IV Three or more dependents
Annual income				
More than—	But equal to or less than—			
\$1,000	\$1,000	\$95	\$95	\$100
2,000	2,000	75	75	75
	3,000	45	45	45

(d) If the veteran is in need of regular aid and attendance, the monthly rate payable to him under subsection (b) or (c) shall be increased by \$70.

(e) For the purposes of this section—

(1) In determining annual income, where a veteran is living with his spouse, all income of the spouse which is reasonably available to or for the veteran except \$1,200 of such shall be considered as the income of the veteran, unless in the judgment of the Administrator to do so would work a hardship upon the veteran;

(2) A veteran shall be considered as living with a spouse, even though they reside apart, unless they are estranged.

[(b)] (f) A veteran meets the service requirements of this section if he served in the active military, naval, or air service—

(1) for ninety days or more during either World War I, World War II, or the Korean conflict;

(2) during World War I, World War II, or the Korean conflict, and was discharged or released from such service for a service-connected disability; or

(3) for a period of ninety consecutive days or more and such period ended during World War I, or began or ended during World War II or the Korean conflict.

**§ 522. Income limitations**

[(a) No pension shall be paid under section 521 of this title to any unmarried veteran whose annual income exceeds \$1,400, or to any married veteran or any veteran with children whose annual income exceeds \$2,700.

[(b) As a condition of granting or continuing pension under section 521 of this title, the Administrator may require from any veteran applying for, or in receipt of, pension under such sections such information, proofs, or evidence as he desires in order to determine the annual income of such veteran.]

**§ 522. Net worth limitation**

*The Administrator shall deny or discontinue payment of pension under section 521 of this title when the corpus of the veteran's estate is such that under all the circumstances, including consideration of the veterans' income, it is reasonable that some part of the corpus be consumed for the veteran's maintenance.*

**§ 523. Combination of ratings**

(a) The Administrator shall provide that, for the purpose of determining whether or not a veteran is permanently and totally disabled, ratings for service-connected disabilities may be combined with ratings for non-service-connected disabilities.

(b) Where a veteran, by virtue of subsection (a), is found to be entitled to a pension under section 521 of this title, and is entitled to compensation for a service-connected disability, the Administrator shall pay him the greater benefit.

**Subchapter III—Pensions to Widows and Children****WARS BEFORE WORLD WAR I****§ 531. Widows of Mexican War veterans**

The Administrator shall pay to the widow of each veteran of the Mexican War, who is on the pension rolls on December 31, 1958, under any public law, a pension at the monthly rate of \$65.

**§ 532. Widows of Civil War veterans**

(a) The Administrator shall pay to the widow of each Civil War veteran who met the service requirements of this section a pension at the following monthly rate:

- (1) \$40.64 if she is below seventy years of age; or
- (2) \$65 if she is seventy years of age or older;

unless she was the wife of the veteran during his service in the Civil War, in which case the monthly rate shall be \$75.

(b) If there is a child of the veteran, the rate of pension paid to the widow under subsection (a) shall be increased by \$8.13 per month for each such child.

(c) A veteran met the service requirements of this section if he served for ninety days or more in the active military or naval service during the Civil War, as heretofore defined under public laws administered by the Veterans' Administration, or if he was discharged or released from such service upon a surgeon's certificate of disability.

(d) No pension shall be paid to a widow of a veteran under this section unless she was married to him—

- (1) before June 27, 1905; or
- (2) for five or more years; or
- (3) for any period of time if a child was born of the marriage.

#### § 533. Children of Civil War veterans

Whenever there is no widow entitled to pension under section 532 of this title, the Administrator shall pay to the children of each Civil War veteran who met the service requirements of section 532 of this title a pension at the monthly rate of \$73.13 for one child, plus \$8.13 for each additional child, with the total amount equally divided.

#### § 534. Widows of Indian War veterans

(a) The Administrator shall pay to the widow of each Indian War veteran who met the service requirements of section 511 of this title a pension at the following monthly rate:

- (1) \$40.64 if she is below seventy years of age; or
- (2) \$65 if she is seventy years of age or older;

unless she was the wife of the veteran during his service in one of the Indian Wars, in which case the monthly rate shall be \$75.

(b) If there is a child of the veteran, the rate of pension paid to the widow under subsection (a) shall be increased by \$8.13 per month for each such child.

(c) No pension shall be paid to a widow of a veteran under this section unless she was married to him—

- (1) before March 4, 1917; or
- (2) for five or more years; or
- (3) for any period of time if a child was born of the marriage.

#### § 535. Children of Indian War veterans

Whenever there is no widow entitled to pension under section 534 of this title, the Administrator shall pay to the children of each Indian War veteran who met the service requirements of section 511 of this title a pension at the monthly rate of \$73.13 for one child, plus \$8.13 for each additional child, with the total amount equally divided.

#### § 536. Widows of Spanish-American War veterans

(a) The Administrator shall pay to the widow of each Spanish-American War veteran who met the service requirements of section 512(a) of this title a pension at the monthly rate of \$65, unless she was the wife of the veteran during his service in the Spanish-American War, in which case the monthly rate shall be \$75.

(b) If there is a child of the veteran, the rate of pension paid to the widow under subsection (a) shall be increased by \$8.13 per month for each such child.

(c) No pension shall be paid to a widow of a veteran under this section unless she was married to him—

- (1) before January 1, 1938; or
- (2) for five or more years; or
- (3) for any period of time if a child was born of the marriage.

**§ 537. Children of Spanish-American War veterans**

Whenever there is no widow entitled to pension under section 536 of this title, the Administrator shall pay to the children of each Spanish-American War veteran who met the service requirements of section 512(a) of this title a pension at the monthly rate of \$73.13 for one child, plus \$8.13 for each additional child, with the total amount equally divided.

## WORLD WAR I, WORLD WAR II, AND THE KOREAN CONFLICT

**§ 541. Widows of World War I veterans**

[(a) The Administrator shall pay to the widow of each veteran of World War I who met the service requirements of section 521 of this title, or who at the time of his death was receiving (or entitled to receive) compensation or retirement pay based upon a service-connected disability, a pension at the following monthly rate:

[(1) Widow, no child, \$50.40;

[(2) Widow, one child, \$63, with \$7.56 for each additional child.

[(b) No pension shall be paid to a widow of a veteran under this section unless she was married to him—

[(1) before December 14, 1944; or

[(2) for five or more years; or

[(3) for any period of time if a child was born of the marriage.

**§ 542. Children of World War I veterans**

[(a) Whenever there is no widow entitled to pension under section 541 of this title, the Administrator shall pay to the children of each veteran of World War I who met the service requirements of section 521 of this title, or who at the time of his death was receiving (or entitled to receive) compensation or retirement pay based upon a service-connected disability, a pension at the following monthly rate:

[(1) One child, \$27.30;

[(2) Two children, \$40.95; and

[(3) Three children, \$54.60, with \$7.56 for each additional child.

[(b) Pension prescribed by this section shall be paid to eligible children in equal shares.

**§ 543. Widows of World War II or Korean conflict veterans**

[(a) The Administrator shall pay to the widow of each veteran of World War II or of the Korean conflict—

[(1) who met the service requirements of section 521 of this title, and at the time of his death had a service-connected disability for which compensation would have been payable if 10 per centum or more in degree disabling; or

[(2) who, at the time of his death, was receiving (or entitled to receive) compensation or retirement pay based upon a service-connected disability;

a pension at the rate prescribed by section 541 of this title for the widow of a veteran of World War I.

[(b) No pension shall be paid to a widow of a veteran under this section unless she was married to him—

[(1) before January 1, 1957, in the case of a widow of a veteran of World War II, or before February 1, 1965, in the case of a widow of a veteran of the Korean conflict; or

- [(2) for five or more years; or
- [(3) for any period of time if a child was born of the marriage.

**[ § 544. Children of World War II or Korean conflict veterans**

Whenever there is no widow entitled to pension under section 543 of this title, the Administrator shall pay to the children of each veteran of World War II or of the Korean conflict described in paragraph (1) or (2) of section 543(a) of this title a pension at the rate prescribed by section 542 of this title for the children of a veteran of World War I.

**[ § 545. Income limitations**

[(a) No pension shall be paid under sections 541-544 of this title to any widow without child, or to or on account of any child, whose annual income exceeds \$1,400, or to a widow (with a child) whose annual income exceeds \$2,700.

[(b) Where pension is not payable to a widow because of this section, payments to children shall be made as though there were no widow.]

**§ 541. Widows of World War I, World War II, or Korean conflict veterans**

(a) The Administrator shall pay to the widow of each veteran of World War I, World War II, or the Korean conflict who met the service requirements of section 521 of this title, or who at the time of his death was receiving (or entitled to receive) compensation or retirement pay for a service-connected disability, pension at the rate prescribed by this section.

(b) If there is no child, pension shall be paid at the monthly rate set forth in column II of the following table opposite the widow's annual income as shown in column I:

Column I		Column II
Annual income		
More than--	But equal to or less than--	
\$500	\$500	\$55
1,000	1,000	56
	1,600	16

(c) If there is a widow and one child, pension shall be paid at the monthly rate set forth in column II of the following table opposite the widow's annual income as shown in column I:

Column I		Column II
Annual income		
More than--	But equal to or less than--	
\$1,000	\$1,000	\$75
2,000	2,000	60
	3,000	40

(d) *If there is a widow and more than one child, the monthly rate payable under subsection (c) shall be increased by \$15 for each additional child.*

(e) *No pension shall be paid to a widow of veteran under this section unless she was married to him—*

(1) *before (A) December 14, 1944, in the case of a widow of a World War I veteran, or (B) January 1, 1957, in the case of a widow of a World War II veteran, or (C) February 1, 1965, in the case of a widow of a Korean conflict veteran; or*

(2) *for five or more years; or*

(3) *for any period of time if a child was born of the marriage.*

#### **§ 542. Children of World War I, World War II, or Korean conflict veterans**

(a) *Whenever there is no widow entitled to pension under section 541 of this title, the Administrator shall pay to the child or children of each veteran of World War I, World War II, or the Korean conflict who met the service requirements of section 521 of this title, or who at the time of his death was receiving (or entitled to receive) compensation or retirement pay for a service-connected disability, pension at the monthly rate of \$35 for one child, and \$15 for each additional child.*

(b) *Pension prescribed by this section shall be paid to eligible children in equal shares.*

(c) *No pension shall be paid under this section to a child whose annual income, excluding earned income, exceeds \$1,800.*

#### **§ 543. Net worth limitation**

*The Administrator shall deny or discontinue payment of pension under sections 541 or 542 of this title to a widow or child when the corpus of the estate of the survivor concerned is such that under all the circumstances, including consideration of income, it is reasonable that some part of the corpus be consumed for the survivor's maintenance.*

### **Subchapter IV—Army, Navy, and Air Force Medal of Honor Roll**

#### **§ 560. Medal of Honor Roll; persons eligible**

(a) *There shall be in the Department of the Army, the Department of the Navy, and the Department of the Air Force, respectively, a roll designated as the "Army, Navy, and Air Force Medal of Honor Roll".*

(b) *Upon written application to the Secretary concerned, the Secretary shall enter and record on such roll the name of each surviving person who has served in the active military, naval, or air service of the United States in any war, who has attained the age of sixty-five years, and who has been awarded a medal of honor for having in action involving actual conflict with an enemy distinguished himself conspicuously by gallantry or intrepidity, at the risk of his life, above and beyond the call of duty, and who was honorably discharged from service by muster out, resignation, or otherwise.*

(c) *Applications for entry on such roll shall be made in the form and under regulations prescribed by the Secretary concerned. Proper blanks and instructions shall be furnished by the Secretary concerned, without charge upon the request of any person claiming the benefits of this subchapter.*



**§ 561. Certificate entitling holder to pension**

(a) The Secretary concerned shall determine whether or not each applicant is entitled to the benefits of this subchapter. If the official award of the Medal of Honor to the applicant, or the official notice to him thereof, shows that the Medal of Honor was awarded to the applicant for an act described in section 560 of this title, such award or notice shall be sufficient to entitle the applicant to special pension under this subchapter without further investigation; otherwise all official correspondence, orders, reports, recommendations, requests, and other evidence on file in any public office or department shall be considered.

(b) Each person whose name is entered on the Army, Navy, and Air Force Medal of Honor roll shall be furnished a certificate of service and of the act of heroism, gallantry, bravery, or intrepidity for which the medal of honor was awarded, of enrollment on such roll, and of his right to special pension.

(c) The Secretary concerned shall deliver to the Administrator a certified copy of each certificate which he issues under this subchapter. Such copy shall authorize the Administrator to pay to the person named in the certificate the special pension provided for in this subchapter.

**§ 562. Special provisions relating to pension**

(a) The Administrator shall pay monthly to each person whose name has been entered on the Army, Navy, and Air Force Medal of Honor roll a special pension at the rate of \$10, beginning as of the date of application therefor under section 560 of this title.

(b) The receipt of special pension shall not deprive any person of any other pension or other benefit, right, or privilege to which he is or may hereafter be entitled under any existing or subsequent law. Special pension shall be paid in addition to all other payments under laws of the United States.

(c) Special pension shall not be subject to any attachment, execution, levy, tax lien, or detention under any process whatever.

(d) If any person has been awarded more than one medal of honor, he shall not receive more than one special pension.

**CHAPTER 17—HOSPITAL, DOMICILIARY, AND MEDICAL CARE****SUBCHAPTER I—GENERAL**

Sec.

601. Definitions.

602. Presumption relating to psychosis.

**SUBCHAPTER II—HOSPITAL OR DOMICILIARY CARE AND MEDICAL TREATMENT**

610. Eligibility for hospital and domiciliary care.

611. Hospitalization during examinations and in emergencies.

612. Eligibility for medical treatment.

613. Fitting and training in use of prosthetic appliances.

614. Seeing-eye dogs.

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616. Hospital care by other agencies of the United States.

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- 622. Statement under oath.
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- 643. Applications.

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**Subchapter II—Hospital or Domiciliary Care and Medical Treatment**

**§ 610. Eligibility for hospital and domiciliary care**

(a) The Administrator, within the limits of Veterans' Administration facilities, may furnish hospital care which he determines is needed to—

(1) a veteran of any war for a service-connected disability incurred or aggravated during a period of war, or, for any other disability if such veteran is unable to defray the expenses of necessary hospital care;

(2) a veteran whose discharge or release from the active military, naval, or air service was for a disability incurred or aggravated in line of duty; and

(3) a person who is in receipt of, or but for the receipt of retirement pay would be entitled to, disability compensation.

(b) The Administrator, within the limits of Veterans' Administration facilities, may furnish domiciliary care to—

(1) a veteran who was discharged or released from the active military, naval, or air service for a disability incurred or aggravated in line of duty, or a person who is in receipt of disability compensation, when he is suffering from a permanent disability or tuberculosis or neuropsychiatric ailment and is incapacitated from earning a living and has no adequate means of support; and

(2) a veteran of any war who is in need of domiciliary care, if he is unable to defray the expenses of necessary domiciliary care.

**§ 611. Hospitalization during examinations and in emergencies**

(a) The Administrator may furnish hospital care incident to physical examinations where such examinations are necessary in carrying out the provisions of other laws administered by him.

(b) The Administrator may furnish hospital care as a humanitarian service in emergency cases, but he shall charge for such care at rates prescribed by him.

**§ 612. Eligibility for medical treatment**

(a) Except as provided in subsection (b), the Administrator, within the limits of Veterans' Administration facilities, may furnish such medical services for a service-connected disability as he finds to be reasonably necessary to a veteran of any war, to a veteran discharged or released from the active military, naval, or air service for a disability incurred or aggravated in line of duty, or to a person who is in receipt of, or but for the receipt of retirement pay would be entitled to, disability compensation. Veterans eligible under this subsection by reason of discharge or release for disability incurred or aggravated in line of duty may also be furnished medical services for that disability, even though it is not a service-connected disability for the purposes of this chapter.

(b) Outpatient dental services and treatment, and related dental appliances, shall be furnished under this section only for a dental condition or disability—

(1) which is service-connected and compensable in degree;

(2) which is service-connected, but not compensable in degree, but only (A) if it is shown to have been in existence at time of discharge or release from active military, naval, or air service and (B) if application for treatment is made within one year after such discharge or release;

(3) which is a service-connected dental condition or disability due to combat wounds or other service trauma, or of a former prisoner of war;

(4) which is associated with and is aggravating a disability resulting from some other disease or injury which was incurred in or aggravated by active military, naval, or air service; or

(5) from which a veteran of the Spanish-American War is suffering.

(c) Dental services and related appliances for a dental condition or disability described in clause (2) of subsection (b) of this section shall be furnished on a one-time completion basis, unless the services rendered on a one-time completion basis are found unacceptable within the limitations of good professional standards, in which event such additional services may be afforded as are required to complete professionally acceptable treatment.

(d) Dental appliances, wheelchairs, artificial limbs, trusses, special clothing, and similar appliances to be furnished by the Administrator under this section may be procured by him either by purchase or by manufacture, whichever he determines may be advantageous and reasonably necessary.

(e) Any disability of a veteran of the Spanish-American War, upon application for the benefits of this section or outpatient medical services under section 624 of this title, shall be considered for the purposes thereof to be a service-connected disability incurred or aggravated in a period of war.

**§ 613. Fitting and training in use of prosthetic appliances**

Any veteran who is entitled to a prosthetic appliance shall be furnished such fitting and training, including institutional training, in the use of such appliance as may be necessary, whether in a Veterans' Administration facility or other training institution, or by outpatient treatment, including such service under contract, and including necessary travel expenses to and from his home to such hospital or training institution.

**§ 614. Seeing-eye dogs**

The Administrator may provide seeing-eye or guide dogs trained for the aid of the blind to veterans who are entitled to disability compensation, and he may pay all necessary travel expenses to and from their homes and incurred in becoming adjusted to such seeing-eye or guide dogs. The Administrator may also provide such veterans with mechanical or electronic equipment for aiding them in overcoming the handicap of blindness.

**§ 615. Tobacco for hospitalized veterans**

The Administrator may furnish tobacco to veterans receiving hospital or domiciliary care.

**§ 616. Hospital care by other agencies of the United States**

When so specified in an appropriation or other Act, the Administrator may make allotments and transfers to the Departments of Health, Education, and Welfare (Public Health Service), the Army, Navy, Air Force, or Interior, for disbursement by them under the various headings of their appropriations, of such amounts as are necessary for the care and treatment of veterans entitled to hospitalization from the Veterans' Administration under this chapter. The amounts to be charged the Veterans' Administration for care and treatment of veterans in hospitals shall be calculated on the basis of a per diem rate approved by the Bureau of the Budget.

**§ 617. Invalid lift for pensioners**

*The Administrator may furnish an invalid lift, if medically indicated, to any veteran in receipt of pension under chapter 15 of this title based on the need of regular aid and attendance.*

## CHAPTER 55—MINORS, INCOMPETENTS, AND OTHER WARDS

**Sec.**

3201. Commitment actions.

3202. Payments to and supervision of guardians.

3203. Hospitalized veterans and estates of incompetent institutionalized veterans.

3204. Administration of trust funds.

**§ 3201. Commitment actions**

The Administrator may incur necessary court costs and other expenses incident to proceedings for the commitment of mentally incompetent veterans to a Veterans' Administration hospital or domiciliary when necessary for treatment or domiciliary purposes.

**§ 3202. Payments to and supervision of guardians**

(a) Except as provided in section 1701(c) of this title, where any payment of benefits under any law administered by the Veterans' Administration is to be made to a minor, other than a person in the active military, naval, or air service, or to a person mentally incompetent, or under other legal disability adjudged by a court of competent jurisdiction, such payment may be made to the person who is constituted guardian, curator, or conservator by the laws of the State of residence of the claimant, or who is otherwise legally vested with the care of the claimant or his estate. Where in the opinion of the Administrator any guardian, curator, conservator, or other person is acting as fiduciary in such a number of cases as to make it imprac-

licable to conserve properly the estates or to supervise the persons of the wards, the Administrator may refuse to make future payments in such cases as he may deem proper. Before receipt of notice by the Veterans' Administration that any such person is under such other legal disability adjudged by some court of competent jurisdiction, payment may be made to such person direct. Where no guardian, curator, or conservator of the person under a legal disability has been appointed under the laws of the State of residence of the claimant, the Administrator shall determine the person who is otherwise legally vested with the care of the claimant or his estate.

(b) Whenever it appears that any guardian, curator, conservator, or other person, in the opinion of the Administrator, is not properly executing or has not properly executed the duties of his trust or has collected or paid, or is attempting to collect or pay, fees, commissions, or allowances that are inequitable or in excess of those allowed by law for the duties performed or expenses incurred, or has failed to make such payments as may be necessary for the benefit of the ward or the dependents of the ward, then the Administrator may appear, by his duly authorized attorney, in the court which has appointed such fiduciary, or in any court having original, concurrent, or appellate jurisdiction over said cause, and make proper presentation of such matters. The Administrator, in his discretion, may suspend payments to any such guardian, curator, conservator, or other person who shall neglect or refuse, after reasonable notice, to render an account to the Administrator from time to time showing the application of such payments for the benefit of such incompetent or minor beneficiary, or who shall neglect or refuse to administer the estate according to law. The Administrator may appear or intervene by his duly authorized attorney in any court as an interested party in any litigation instituted by himself or otherwise, directly affecting money paid to such fiduciary under this section.

(c) Authority is hereby granted for the payment of any court or other expenses incident to any investigation or court proceeding for the appointment of any guardian, curator, conservator, or other person legally vested with the care of the claimant or his estate or the removal of such fiduciary and appointment of another, and of expenses in connection with the administration of such estates by such fiduciaries, or in connection with any other court proceeding hereby authorized, when such payment is authorized by the Administrator.

(d) All or any part of any benefits the payment of which is suspended or withheld under this section may, in the discretion of the Administrator, be paid temporarily to the person having custody and control of the incompetent or minor beneficiary, to be used solely for the benefit of such beneficiary, or, in the case of an incompetent veteran, may be apportioned to the dependent or dependents, if any, of such veteran. Any part not so paid and any funds of a mentally incompetent or insane veteran not paid to the chief officer of the institution in which such veteran is an inmate nor apportioned to his dependent or dependents may be ordered held in the Treasury to the credit of such beneficiary. All funds so held shall be disbursed under the order and in the discretion of the Administrator for the benefit of such beneficiary or his dependents. Any balance remaining in such fund to the credit of any beneficiary may be paid to him if he recovers and is found competent, or if a minor, attains majority, or otherwise

to his guardian, curator, or conservator, or, in the event of his death, to his personal representative, except as otherwise provided by law; however, payment will not be made to his personal representative if, under the law of his last legal residence, his estate would escheat to the State.

(e) Any funds in the hands of a guardian, curator, conservator, or person legally vested with the care of the beneficiary or his estate, derived from benefits payable under laws administered by the Veterans' Administration, which under the law of the State wherein the beneficiary had his last legal residence would escheat to the State, shall escheat to the United States and shall be returned by such guardian, curator, conservator, or person legally vested with the care of the beneficiary or his estate, or by the personal representative of the deceased beneficiary, less legal expenses of any administration necessary to determine that an escheat is in order, to the Veterans' Administration, and shall be deposited to the credit of the applicable revolving fund, trust fund, or appropriation.

(f) In the case of any incompetent veteran having no guardian, payment of compensation, pension, or retirement pay may be made in the discretion of the Administrator to the wife of such veteran for the use of the veteran and his dependents.

(g) Payment of death benefits to a widow for herself and child or children, if any, may be made directly to such widow, notwithstanding she may be a minor.

### § 3203. Hospitalized veterans and estates of incompetent institutionalized veterans

(a)(1) Where any veteran having neither wife, child, nor dependent parent is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration any compensation or retirement pay otherwise payable shall continue without reduction until the first day of the seventh calendar month following the month of admission of such veteran for treatment or care. If treatment or care extends beyond that period, the compensation or retirement pay, if \$30 per month or less, shall continue without reduction, but if greater than \$30 per month, the compensation or retirement pay shall not exceed 50 per centum of the amount otherwise payable or \$30 per month, whichever is the greater. If such veteran is discharged from such treatment or care upon certification by the officer in charge of the hospital, institution, or home, that maximum benefits have been received or that release is approved, he shall be paid in a lump sum such additional amount as would equal the total sum by which his compensation or retirement pay has been reduced under this section. If treatment or care is terminated by the veteran against medical advice or as the result of disciplinary action the amount by which any compensation or retirement pay is reduced hereunder, shall be paid to him at the expiration of six months after such termination or, in the event of his prior death, as provided in paragraph (2) of this subsection; and the compensation or retirement pay of any veteran leaving against medical advice or as the result of disciplinary action shall, upon a succeeding readmission for treatment or care, be subject to reduction, as herein provided, from the date of such readmission, but if such subsequent treatment or care is continued until discharged therefrom upon certification, by the officer in charge of the hospital,

institution, or home in which treatment or care was furnished, that maximum benefits have been received or that release is approved, the veteran shall be paid in a lump sum such additional amount as would equal the total sum by which his compensation or retirement pay has been reduced under this section after such readmission.

(2) (A) In the event of the death of any veteran subject to the provisions of this section, while receiving hospital treatment, institutional or domiciliary care, or before payment of any lump sum authorized herein, such lump sum shall be paid in the following order of precedence: First, to the spouse; second, if the decedent left no spouse, or if the spouse is dead at time of settlement, then to the children (without regard to their age or marital status) in equal parts; third, if no spouse or child, then to the father and mother in equal parts; fourth, if either the father or mother is dead, then to the one surviving; fifth, if there is no spouse, child, father, or mother at the time of settlement, then to the brothers and sisters in equal parts. If there are no persons in the classes named to whom payment may be made under this paragraph, no payment shall be made, except there may be paid only so much of the lump sum as may be necessary to reimburse a person who bore the expenses of last sickness or burial, but no part of the lump sum shall be used to reimburse any political subdivision of the United States for expenses incurred in the last sickness or burial of such veteran.

(B) No payment shall be made under this paragraph (2) unless claim therefor is filed with the Veterans' Administration within five years after the death of the veteran, except that, if any person so entitled under this paragraph is under legal disability at the time of death of the veteran, such five-year period of limitation shall run from the termination or removal of the legal disability.

(b)(1) Where any veteran having neither wife, child, nor dependent parent is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration, and is rated by the Veterans' Administration in accordance with regulations as being incompetent by reason of mental illness, the pension, compensation, or retirement pay of such veteran shall be subject to the provisions of subsection (a) of this section; however, no payment of a lump sum herein authorized shall be made to the veteran until after the expiration of six months following a finding of competency and in the event of the veteran's death before payment of such lump sum no part thereof shall be payable.

(2) In any case in which such an incompetent veteran having neither wife nor child is being furnished hospital treatment, institutional or domiciliary care without charge or otherwise by the United States, or any political subdivision thereof, and his estate from any source equals or exceeds \$1,500, further payments of pension, compensation, or emergency officers' retirement pay shall not be made until the estate is reduced to \$500. The amount which would be payable but for this paragraph shall be paid to the veteran as provided for the lump sum in paragraph (1) of this subsection, but in the event of the veteran's death before payment of such lump sum no part thereof shall be payable.

(3) Where any benefit is discontinued by reason of paragraph (2) of this subsection the Administrator may nevertheless apportion and pay to the dependent parents of the veteran on the basis of need all

or any part of the benefit which would otherwise be payable to or for such incompetent veteran. Paragraph (2) of this subsection shall not prevent the payment, out of any remaining amounts discontinued under that paragraph, on account of any veteran of so much of his pension, compensation, or retirement pay as equals the amount charged to the veteran for his current care and maintenance in the institution in which treatment or care is furnished him, but not more than the amount determined by the Administrator to be the proper charge as fixed by any applicable statute or valid administrative regulation.

(4) All or any part of the pension, compensation, or retirement pay payable on account of any incompetent veteran who is being furnished hospital treatment, institutional or domiciliary care may, in the discretion of the Administrator, be paid to the chief officer of the institution wherein the veteran is being furnished such treatment or care, to be properly accounted for by such chief officer and to be used for the benefit of the veteran.

(c) Any veteran subject to the provisions of subsection (a) or (b) shall be deemed to be single and without dependents in the absence of satisfactory evidence to the contrary. In no event shall increased compensation, pension, or retirement pay of such veteran be granted for any period more than one year before receipt of satisfactory evidence showing such veteran has a wife, child, or dependent parent.

(d)(1) Where any veteran is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration, no pension in excess of \$30 per month shall be paid to or for the veteran for any period after (a) the end of the second full calendar month following the month of admission for treatment or care or (b) readmission for treatment or care within six months following termination of a period of treatment or care of not less than two full calendar months.

(2) Where the payment of pension to any veteran is subject to the provisions of paragraph (1) of this subsection the Administrator may apportion and pay to his wife or children the balance of the pension which the veteran would receive but for such paragraph (1).

(e) Notwithstanding any other provision of this section or any other provision of law, no reduction shall be made in the pension, compensation, or retirement pay of any veteran for any part of the period during which he is furnished hospital treatment, or institutional or domiciliary care, for Hansen's disease, by the United States or any political subdivision thereof.

#### § 3204. Administration of trust funds

All cash balances in the personal funds of patients and the funds due incompetent beneficiaries trust funds administered by the Veterans' Administration, and all moneys received which are properly for deposit into these funds, may be deposited, respectively, into deposit fund accounts with the United States Treasury and such balances and deposits shall thereupon be available for disbursement for properly authorized purposes. When any balances have been on deposit with the Treasurer of the United States for more than one year and represent moneys belonging to individuals whose whereabouts are unknown, they shall be transferred and disposed of as directed in the last proviso of subsection (a) of section 725s of title 31.



## SECTION 20 OF THE RAILROAD RETIREMENT ACT OF 1937

SEC. 20. (a) Any person awarded an annuity or pension under this Act may decline to accept all or any part of such annuity or pension by a waiver signed and filed with the Board. Such waiver may be revoked in writing at any time, but no payment of the annuity or pension waived shall be made covering the period during which such waiver was in effect. Such waiver shall have no effect on the amount of the spouse's annuity, or of a lump sum under section 5(f)(2), which would otherwise be due, and it shall have no effect for purposes of the last sentence of section 5(g)(1).

[(b) Pensions and annuities under this Act or the Railroad Retirement Act of 1935 shall not be considered as income for the purposes of section 522 of title 38 of the United States Code.]

## SECTION 1441 OF TITLE 10 OF THE UNITED STATES CODE

## § 1441. Annuities in addition to other payments

An annuity under this chapter is in addition to any pension or other payment to which the beneficiary is entitled under any other provision of law, and may not be considered as income under any law administered by the Veterans' Administration except section 415(g) and chapter 15 of title 38.

SECTION 608 OF THE FEDERAL EMPLOYEES' PAY ACT OF 1945  
(5 U.S.C. 948)

## EXEMPTION FOR PURPOSES OF VETERANS LAWS AND REGULATIONS

SEC. 608. Amounts payable under the provisions of this Act, other than increases under sections 405, 501, 521, and 602, shall not be considered in determining the amount of a person's [annual income or] annual rate of compensation for the purposes of [section 522 of title 38, United States Code, or] section 212 of title II of the Act entitled "An Act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes", approved June 30, 1932, as amended (U.S.C., 1940 edition, title 5, sec. 59a; Supp. IV, title 5, sec. 59b).

## MINORITY VIEWS

The majority committee report has adequately and fully explained the provisions of this bill. We want to add some personal views which, in the form of this minority report, lead us to support the bill, H.R. 7650, as passed by the House. We intend to offer certain amendments to restore some provisions of the bill as referred to the Committee on Finance.

The amendments which we shall offer carry the support and endorsement of the American Legion, Veterans of Foreign Wars, AMVETS, and Disabled American Veterans. We hope and believe that these amendments, if adopted by the Senate, will insure speedy approval of this legislation.

Certainly this bill, as received in the Senate, represented a compromise, not only on the part of the Veterans' Administration and the House committee, but also on the part of the various veterans' organizations and the numerous individuals who are interested in this legislation. It is not always safe to say that compromise bills are better than the originals, but in this case we think that is true. The bill, H.R. 7650, is a vast improvement over the bill H.R. 6432, originally submitted by the Veterans' Administration. We regret that we cannot say the same for the bill as reported to the Senate. In our opinion the bill reported by the Finance Committee is unrealistic and makes more likely extreme action in this field. We believe that it is safe to say that when the veterans and their dependents of this country appreciate the effect and ramifications of my amendments, they will come to realize that it is a real benefit and protection to them.

The rates of pension provided by the House-passed bill were, in our opinion, minimum rates—certainly they are the minimum which has received support from any major veteran organization. These rates have been carefully worked out in relation to the veteran's income and dependents. Unfortunately, the committee-reported bill has disrupted this plan in some respects. Our amendments would remove these conflicting schedules.

We are also happy to support those sections of the bill which provide for increases for widows and children. The new sliding scale of pension and the sliding scale of income limitations will greatly improve the status of many of our widows and children. We cannot go along with the reductions in this section of the reported measure.

The administration bill, H.R. 6432, recommended to the Congress by the President, proposed to count all income from social security and other retirement plans. There are many bills pending in the Congress which would eliminate these types of retirement income from income computation for pension purposes, while other bills pending in the Congress would permit waiver of a portion or all of these types of income from computation for pension purposes. Our amendments offer a fair and reasonable compromise to these two extreme viewpoints. Under our amendments the individual would be permitted

to recover or recoup all contributions to social security or other public or private retirement systems before these types of retirement income would be counted as income for pension purposes. This plan, in our opinion, is more equitable than the proposal of the administration which was adopted by the committee.

It should be emphasized that one of the most important features of this bill is the so-called parity or widows' equalization section. This places the widows and children of World War II and Korea on the same basis as widows and children of World War I for the purposes of pension eligibility. This has long been overdue. It is a costly item but if we are to achieve the goal of equity in our veterans' laws, this is absolutely essential. As passed by the House, this and all other features would have become effective July 1, 1960. The reported bill sets the date at July 1, 1962, for this feature. This is long overdue and must be made effective as soon as possible. Thus, our amendments would restore the effective date of July 1, 1960, for the parity feature.

Much was heard during the hearings on the bill about the needs of the veterans of World War I. In connection therewith, Senator Kerr states:

Being a veteran of that war, I am naturally sympathetic to the needs of this group. I want to emphasize what the representative of the American Legion so ably pointed out when he said: "\* \* \* of the people who will be increased as a result of the liberalizing provisions of this bill, 88 percent of them are World War I veterans, and of those who will be added to the rolls for the first time, 92 percent of them will be World War I veterans." This statement, of course, is descriptive of our amendments. Thus, it can readily be seen that World War I veterans stand to reap substantial benefit from this legislation.

We have reviewed the eligibility requirements for veterans and widows applying for a non-service-connected pension, to emphasize that under the pension program, as changed by my amendments, the program will be a needs program. Our amendments provide a more favorable rate structure for needy veterans and widows; however, all of the requirements of existing law pertaining to age, disability, unemployment, and restricted income are preserved. Our amendments operate on the principle of helping those most in need of help.

ROBERT S. KERR,  
ALBERT GORE,  
EUGENE J. McCARTHY.

