Veterans' Pension Act of 1959*

On August 29, 1959, the President signed the Veterans' Pension Act of 1959, which became Public Law 86-211. The legislation revises, effective July 1, 1960, the non-service-connected pension programs for veterans of World War I, World War II, and the Korean conflict and for their widows and children. It does not affect payments to veterans with a service-connected disability or those to widows or children of a veteran whose death was service-connected.

At the end of June 1959, there were 22 million veterans of these three conflicts and about 2½ million widows and surviving children of deceased veterans, who might be affected by the provisions of the 1959 Veterans' Pension Act. Former members of the armed services during peacetime and their dependents or survivors are not eligible for non-service-connected pensions under either the old or the new law.

Major Provisions

The new law makes the widows and children of veterans who had had 90 days' active service in World War II or the Korean conflict eligible for pensions on the same basis as the widows and children of World War I veterans. The survivors of veterans of World War II or the Korean conflict have been ineligible for a pension unless the veteran at the time of his death had some degree of service-connected disability.

The 1959 law sets up a sliding scale of benefits, related to financial need and resources, for all veterans, widows, and children going on the rolls after June 30, 1960. (Persons on the rolls on June 30 may choose to receive benefits under the new pension plan or to continue under the old system.) Currently the same flat-rate benefit is paid to all qualifying veterans regardless of any variations in the amount of their income (within the maximums stated in the law) or the number of their dependents. For veterans and survivors with low incomes the new law provides pensions that are higher than for those with larger incomes; additional monthly amounts are paid for dependents. The value of assets will be a factor in determining eligibility for a pension beginning July 1, 1960; at present, assets are not considered in determining eligibility.

Under the old law a veteran who does not have a service-connected disability may be paid a non-service-connected pension under specified circumstances. All Spanish-American War veterans, as well as veterans of earlier wars, are eligible for such a pension regardless of their economic condition. Veterans of World War I, World War II, and the Korean conflict are eligible if they meet certain conditions relating to disability, unemployability, and income.

The disability and unemployability provisions are not changed by the new law. Veterans aged 65 or over are considered permanently and totally disabled if they are unable to follow gainful employment because they have a condition rated 10 percent or more disabling; most aged pension applicants have been able to establish a disability rating in recent years. For veterans under age 65, the disability provisions are much more stringent.

The income test, however, is changed by Public Law 86-211. Table 1 shows the maximum income allowed under both the old and the new law, as well as the amounts of the different types of pension (veteran's, widow's, and orphan's). Veterans, for example, may currently receive $66.15 a month if their annual income does not exceed $1,400 and they have no dependents or $2,700 if they have dependents. For those who have been on the rolls more than 10 years or who are aged 65 or over, the pension is $78.75. Under the new law, a veteran without dependents will be eligible if his annual income is not more than $1,800; veterans with dependents may receive a pension if the income is not more than $3,000. The amount of the pension will vary with income and the number of dependents—from $100 a month for a veteran with income of $1,000 or less and with three or more dependents to $40 a month for a veteran who has no dependents and whose annual income is $1,201–$1,800. The monthly rates are increased by $70 when the veteran needs regular aid and attendance.

Table 1.—*Comparison of pension rates for veterans and their dependents under old law and new law*

Type of pensioner	Through June 30, 1960		Beginning July 1, 1960	
	Annual income	Monthly pension amount	Annual income	Monthly pension amount
Veteran,[1] no dependents	$1,400 or less	$66.15 or $78.75 if over age 65 or on pension rolls 10 years or more.	$600 or less $601–1,200 $1,201–1,800	$85. $70. $40.
Veteran[1] with dependents	$2,700 or less	$66.15 or $78.75 if over age 65 or on pension rolls 10 years or more (no allowance for dependents).	$1,000 or less $1,001–2,000 $2,001–3,000	$90—1 dependent; $95—2 dependents; $100—3 or more. $75—1 or more dependents. $45—1 or more dependents.
Widow, no children	$1,400 or less	$50.40	$600 or less $601–1,200 $1,201–1,800	$60. $45. $25.
Widow and 1 child	$2,700 or less	$63, plus $7.56 for each additional child.	$1,000 or less $1,001–2,000 $2,001–3,000	$75, plus $15 for each additional child. $60, plus $15 for each additional child. $40, plus $15 for each additional child.
Orphan	$1,400 or less	$27.30 for 1 child, $40.95 for 2 children, $54.60 for 3 children, and $7.56 for each additional child.	$1,800 or less [2]	$35 for 1 child, plus $15 for each additional child.

[1] For a veteran needing regular aid and attendance, the pension under the old law is $135.45; under the new law, the basic amount to which the veteran is entitled is increased by $70.

[2] The annual income test applies to each child in a family and not to the total family income.

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Estimated Costs

The cost of pensions for persons on the rolls as of June 30, 1960, will be higher under the new law than under the present law because such persons will have the option of receiving either their present pension amount or the amount authorized under the new law, whichever is to their advantage. Some persons—the widows of World War II veterans, for example—who are not now eligible will be added to the rolls. The other persons added to the rolls after June 30, 1960, will receive — on the average — a smaller pension than they would have been entitled to receive under the present law.

On June 30, 1959, a total of 880,000 veterans were receiving non-service-connected pensions, and 841,000 had had service in World War I, World War II, or the Korean conflict. There were also 485,000 widows and 167,000 children of 528,000 deceased veterans who had served during these three conflicts.

It is estimated that 2 out of 3 of those receiving pensions as of June 30, 1960, will have the amount increased as a result of the new law. It is estimated also that 278,000 cases will be added to the pension rolls as of July 1, 1960: (1) 206,000 "widows equalization" cases, resulting from the provision under which widows and children of veterans of World War II and the Korean conflict will be entitled on the same basis as the survivors of World War I veterans; and (2) cases based on the service of 32,000 living and 40,000 deceased veterans, resulting from the liberalized income provisions of the new law.

In the first year of operation, it is estimated that the new law will add $309 million to program costs. (In the fiscal year 1958–59, expenditures were $1,153 million—$815 million for living veterans and $338 million for the survivors of deceased veterans.) The "widows equalization" provision will cost $154 million, living veterans will receive an additional $105 million, and payments made to survivors of deceased veterans will increase by $50 million.

By the fiscal year 1963–64, the total amount scheduled to be paid to living veterans will be no higher than the amount now being paid. Actually, it will then begin to show a reduction from present costs; the cost of higher pensions paid to the low-income group among those who were on the rolls before July 1, 1960, will be more than offset by the lower average payments to new entrants. Payments made with respect to deceased veterans will be higher until 1970 as a result of the new law but thereafter will decline. The "widows equalization" provision will, of course, never result in cost reductions.

The peak pension caseload, estimated at 4.5 million, will be reached in 1995. In that year the veteran population will number 11 million—about half the present total — of whom 8.6 million will be over age 65.

In the course of the next 40 years the new provisions will add $9.3 billion to the cost of the pension program. The "widows equalization" provision will cost $22.7 billion. There will be a reduction of $13.2 billion in payments to living veterans and of $0.2 billion in payments to the survivors of deceased veterans, as a result of the sliding scale.

Determination of Need

Definition of income. — In determining annual income under the new law, the following types of payments will be excluded: (1) the 6-month gratuity payable in a lump-sum on the death of a veteran with a service-connected disability; (2) payments by public or private relief or welfare organizations; (3) veterans' pensions and compensation and dependency and indemnity compensation paid by the Veterans Administration; (4) payments under policies of United States Government life insurance or national service life insurance and under the special life insurance program for veterans of the Korean conflict; (5) lump-sum death payments under the Social Security Act; (6) payments to an individual, equal to his contributions, under public or private retirement, annuity, endowment, or similar plans or programs; (7) amounts equal to the sum paid by a widow or child of a deceased veteran for his just debts, the expenses of his last illness, and his burial expenses to the extent that they are not reimbursed by the Veterans Administration; and (8) proceeds of fire insurance policies.

Income of wife. — At present a wife's income is not counted in determining a veteran's eligibility. In determining annual income under the new law, the wife's income in excess of $1,200 will be considered as the income of the veteran, unless to do so works a hardship on the veteran.

"Waiver of income."—The new law repeals the waiver-of-income clause, under which veterans may elect to reduce the amounts that they receive under certain public and private retirement plans in order to meet the income test and thereby qualify for a veteran's pension. (Old-age, survivors, and disability insurance is not one of the programs that permitted a waiver of income.)

Net worth limitation.—Under the old law the value of assets owned by veterans or by their survivors is not a factor in eligibility for a pension. The new law grants the Administrator of Veterans Affairs the authority to deny or discontinue a pension when the net worth of the veteran, widow, or child is sufficiently large that it is reasonable for a part of the assets to be used for maintenance.

Retirement Benefits

The treatment of retirement benefits from old-age, survivors, and disability insurance or another public or private pension plan is not changed by the new law, except for repeal of the waiver-of-income provision. Public and private retirement payments will continue to be excluded from consideration as income until the veteran has received in benefits the amount he paid into the retirement plan.[1] After the veteran has recouped his original dollar outlay in these plans, all future benefits will be counted as income.

For a person with no income other than an old-age, survivors, and disability insurance benefit, for example, the effect of the "recoupment" pro-

[1] A provision of the 1959 amendments to the Railroad Retirement Act, effective July 1, 1959, excluded railroad retirement benefits as income for determining eligibility for a veteran's pension. Section 8(c) of the new veterans' law repealed this favorable treatment of railroad retirement benefits, as of July 1, 1960.

Table 2.—*Illustrative monthly old-age, survivors, and disability insurance benefits and veteran's pension payments*

Type of beneficiary and benefit level	Monthly OASDI benefit [1]	Veteran's pension beginning July 1, 1960	Combined OASDI and veteran's payments
Aged retired male:			
Minimum	$33.00	$85.00	$118.00
Average	76.00	70.00	146.00
Maximum	120.00	40.00	160.00
Aged retired couple:			
Minimum	49.50	90.00	139.50
Average	119.00	75.00	194.00
Maximum	180.00	45.00	225.00
Aged widow:			
Minimum	33.00	60.00	93.00
Average	56.00	45.00	101.00
Maximum	90.00	45.00	135.00
Widow and one child:			
Minimum	49.60	75.00	124.60
Average	124.00	60.00	184.00
Maximum	180.00	40.00	220.00

[1] Maximum and minimum amounts payable in mid-1960; average represents average amount being paid at the end of February 1959.

vision is to currently provide a grace period of 1 or possibly 2 years during which he may receive the maximum pension in addition to the insurance benefit. The maximum contribution that a wage earner could pay into the old-age, survivors, and disability insurance trust fund during 1937–60 is $1,290.[2] Such a person would be eligible in 1960 for a monthly retirement benefit of $120. After about a year, therefore, such a person would be entitled only to a partial pension. The grace period will be longer, of course, in the future. By 1980, for example, the maximum contribution a wage earner will have made for old-age, survivors, and disability insurance will be $5,250, the maximum monthly benefit will be $126, and the grace period for such a wage earner will be about 3½ years.

Table 2 shows the maximum and minimum old-age, survivors, and disabilty insurance benefits payable in 1960 and the average monthly benefits paid in February 1959 for a retired aged worker, an aged couple, an aged widow, and a widow with one child. It also shows the monthly veteran's pension payable to eligible persons assuming they qualify and had no other income and that the grace period had passed.

Comparison With Public Assistance Cost Standards

In determining a person's need for public assistance, State public welfare agencies consider the resources and income available to the person, and the amount of money needed to maintain the level of living established by each State for its assistance program. The level of living is usually determined by each State on the basis of quantity-quality cost standards for specified consumption items. All States include food, clothing, shelter, fuel, and utilities among the "basic" requirements of all persons. Most States also include such items as personal care, medicine chest supplies, and household supplies, and some States consider additional items. Medical care, on the other hand, is treated as a special need and not included in the cost standard.

The cost standard in each State represents the maximum amount of assistance that would be paid to a person with no other income and no special needs. Not all recipients, however, receive a payment sufficient to enable them to purchase all the goods and services included in the cost standard. Most States have maximum limitations on individual assistance payments, and some States reduce payments on a percentage or flat-reduction basis because of inadequate funds.

Any comparison of the amounts payable under the new sliding scale for veterans' pensions and those under public welfare agency procedure, in terms of levels of adequacy, must nevertheless be made on the basis of cost standards developed by the States. Actual assistance payments cannot be used for two reasons. Some assistance recipients have other income and thus receive payments less than the standard, and some States, because of inadequate funds, reduce assistance payments to less than established need, as determined under their standards.

The monthly cost standards — in other words the dollar value of basic requirements — vary considerably among the States. Table 3 summarizes the cost standards in effect during July 1958 for the low, median, and high States among the 50 States making complete reports.[3] The cost

Table 3.—*Monthly public assistance cost standards and veteran's pension payments at varying income levels*

Type of recipient and amount of annual income	Public assistance (excluding medical and other special needs), July 1958 [1]			Veteran's pension beginning July 1, 1960
	High State	Median State	Low State	
Aged person living alone:				
Veteran:				
Zero	$125	$88	$53	$85
$600	75	38	3	85
1,200	25	0	0	70
1,800	0	0	0	40
Widow:				
Zero	125	88	53	60
$600	75	38	3	60
1,200	25	0	0	45
1,800	0	0	0	25
Aged couple:				
Zero	200	131	78	90
$1,000	117	48	0	90
2,000	33	0	0	75
3,000	0	0	0	45
Widow and one child:				
Zero	164	119	79	75
$1,000	81	36	0	75
2,000	0	0	0	60
3,000	0	0	0	40
Widow and three children:				
Zero	241	176	125	105
$1,000	158	93	42	105
2,000	74	6	0	90
3,000	0	0	0	70

[1] 50 States (excludes Puerto Rico and the Virgin Islands; also excludes Illinois, which did not submit a complete report).

standard was $125 a month in the highest State and $53 in the lowest State for an aged man living alone; it was essentially the same for an aged woman. Half the States had standards above $88, and half had standards below that amount.

Also shown in table 3 is the monthly pension payable under the new legislation to veterans, widows, and children at varying income levels. The table suggests that these pensions, although more closely related to financial need than the present veterans' payments, will meet to a more limited extent the needs of dependents and survivors, especially

[2] If an individual's earnings included some amounts from covered self-employment after 1949, the maximum contribution would, of course, be larger.

[3] Bureau of Public Assistance, *Monthly Cost Standards for Basic Needs Used by States for Assistance Budgets*, August 1959. The analysis excludes Puerto Rico and the Virgin Islands; it also excludes Illinois, which did not submit a complete report.

those with no income, than public assistance cost standards.

For a single veteran with no income the monthly pension of $85 is roughly equal to the monthly cost standard for assistance in the median State, but the situation is different for married veterans. A married veteran with no income receives an additional $5 a month for his wife, which would meet only a very small proportion of her basic needs. The $90 pension payable to a veteran and his wife is less than the public assistance cost standards in all but two States. A widow with one child and no other income receives a monthly pension of $75, which is $4 less than the cost standard of the lowest State, and a widow with three children and no other income receives a monthly pension of $105, which is $20 less than the cost standard in that State.

Although public assistance payments will not be counted as income in determining eligibility for a veteran's pension, veterans' payments will, of course, be counted as income in determining eligibility for public assistance. In half the States, receipt of the $85 veteran's pension would disqualify an individual from also receiving public assistance, except possibly for medical costs. In the remaining States, veterans receiving an $85 pension and without other income might receive supplementary assistance payments.

It should be remembered, moreover, that — except in aid to the blind[4]—a public assistance recipient with "zero" income literally has no other income but that veterans or their survivors with "zero" income may have some income from the excluded sources mentioned earlier. Furthermore, public assistance recipients with income—no matter how small—have their payment reduced by the amount of that income on a dollar-for-dollar reduction basis. Persons receiving veterans' pensions may receive small amounts of income and continue receiving the maximum pension.

[4] The first $50 a month earned by recipients of aid to the blind is ignored in the determination of need for public assistance.

*Recent Publications**

General

BOGUE, DONALD J. *The Population of the United States.* (Studies in Population Distribution, No. 14.) Glencoe, Ill.: The Free Press, 1959. 873 pp. $17.50.

Detailed statistics on the population—size and growth, distribution, age composition, mortality and causes of death, marriage and marital status, household and family status, school enrollment and educational attainment, migration, the labor force and its composition, unemployment, income, illness, religious affiliations, institutions, and housing.

HELLER COMMITTEE FOR RESEARCH IN SOCIAL ECONOMICS OF THE UNIVERSITY OF CALIFORNIA. *Quantity and Cost Budgets for Two Income Levels, Prices for the San Francisco Bay Area, September 1958.* Berkeley: The Committee, 1959. 86 pp. Processed. $1.75.

Budgets for families of four headed by a salaried junior professional, an executive worker, and a wage earner.

LOTAN, G. "Social Insurance in Israel." *Bulletin of the International Social Security Association,* June-July 1959, pp. 279–293. $4 a year.

Retirement and Old Age

U. S. CONGRESS. HOUSE. COMMITTEE ON WAYS AND MEANS. SUBCOMMITTEE ON THE ADMINISTRATION OF THE SOCIAL SECURITY LAWS. *Disability Insurance Fact Book. A Summary of the Legislative and Administrative Development of the Disability Provisions in Title II of the Social Security Act.* Washington: U. S. Govt. Print. Off., 1959. 220 pp.

U. S. DEPARTMENT OF LABOR. BUREAU OF LABOR STATISTICS. *Pension Plans Under Collective Bargaining, Late 1958: Part I—Vesting Provisions and Requirement for Early Retirement, Part II—Involuntary Retirement Provisions.* (Bulletin No. 1259.) Washington: U. S. Govt. Print. Off., 1959. 29 pp. 25 cents. An analysis of 300 plans.

WOLOZIN, HAROLD. "Why You'll Need Older Workers." *Nation's Business,* Vol. 47, Sept. 1959, pp. 14 ff.

Public Welfare

FEIDER, LEO J. "Casework in Rehabilitation." *Public Welfare,* Vol. 17, Oct. 1959, pp. 145–148 ff. $1.

A project report showing how rehabilitation can become part of routine operations in public welfare.

GOLTON, MARGARET A. "The Beginning Casework Practitioner: A Categorical Delineation." *Social Service Review,* Vol. 33, Sept. 1959, pp. 245–252. $2.25.

Observations based on a study of records in a day-care center, foster home care agency, treatment institution for emotionally disturbed children, and family-service agency.

JORDAN, W. K. *Philanthropy in England, 1480–1660: A Study of the Changing Pattern of English Social Aspirations.* New York: Russell Sage Foundation, 1959. 410 pp. $6.

Examines the problem of poverty and discusses measures taken to meet the needs of the poor.

LIDE, PAULINE D. "An Experiment in Teaching Social Casework." *Social Service Review,* Vol. 33, Sept. 1959, pp. 253–259. $2.25.

MILLER, WALTER B. "Implications of Urban Lower-Class Culture for Social Work." *Social Service Review,* Vol. 33, Sept. 1959, pp. 219–236. $2.25.

NORTH DAKOTA. PUBLIC WELFARE BOARD. DIVISION OF RESEARCH AND STATISTICS. *Characteristics of Families Receiving Aid to Dependent Children.* (Report No. 13.) Bismarck: The Board, 1959. 45 pp. Processed. Copies on request.

Data on families and children receiving aid in November 1958.

TIGHE, LEO W. *A Classified Bibliography for the Field of Social Work.* Santa Clara, Calif.: Premier Publishers, 1959. 235 pp. $4.

In two major parts — Counseling and Guidance, and Social Work.

TOWLE, CHARLOTTE. "Implications of Contemporary Human and Social Values for Selection of Social Work Students." *Social Service Review,* Vol. 33, Sept. 1959, pp. 260–272. $2.25.

VERSTRATE, DONNA. *Social Group Work with Deaf-Blind Adults.* New York: American Foundation for the Blind, 1959. 55 pp. 75 cents.

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