

Chapter 4: Reviewing Entitlements

32. Overview

a. Introduction Review of entitlements is an integral responsibility of the LIE position. As you review accountings, counsel beneficiaries and fiduciaries, and review correspondence and award actions, you must always be alert to potential changes in the beneficiary's entitlement status.

Although your primary focus will be VA benefits, your review should include the full range of benefits available, to include

- VA,
- other federal,
- state, and
- local.

This chapter is devoted to the wide range of **VA** benefits you must consider. General eligibility requirements only are included. For in-depth training on VA benefits and respective eligibility criteria, as well as current benefit rates, please complete the **ADVISOR** training modules.

Your manager should provide you with general information on other federal, state and local benefits.

Note: Access the **ADVISOR** training modules from your Start menu, under **VBAAPPS**.

b. In this Chapter This chapter contains the following topics.

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32. Overview, Continued

- c. **What should you look for?** Be alert to changes in dependency status of the beneficiary. Entries may not reflect actual changes in dependency status. They will often be subtle. For example,
- the birth of a child may only be evident through payments to a pediatrician,
 - a divorce through payment of attorney fees,
 - an 18-year old child's enrollment in college through tuition payments, or
 - death of a dependent by payment to a funeral home.

As you review benefits, consider whether an election to another benefit might be advantageous to the beneficiary based upon his or her individual and unique situation.

Look for evidence that a child, nearing age 18, may be disabled and potentially eligible for adult helpless child status.

Look for indications that a veteran may have entitlement to RH insurance and/or waiver of premiums.

33. Disability and Death Benefits

a. Disability Compensation

Disability compensation is a monetary benefit paid to veterans who are disabled by injury or disease incurred or aggravated during active military service. Disability compensation

- varies with the degree of disability and the number of dependents,
- is paid monthly, and can be affected by
 - military retirement pay,
 - disability severance pay and
 - separation incentive payments SSB (Special Separation Benefits) and VSI (Voluntary Separation Incentives).

Consider the following if the veteran receives basic compensation.

- Is there evidence a service-connected disability has increased in severity? If so, advise the fiduciary to consider applying for an increase.
- Is there evidence an election to Improved Pension may be to the veteran's advantage? Improved Pension at the \$90 Medicaid rate may be advantageous over 100% service-connected compensation, as it will provide a greater monthly allowance for personal needs. If so, advise the fiduciary to consider an election to Improved Pension.
- If the award is increased to 30% or greater, are there dependents that should be added?
- Are benefits properly adjusted for periods of hospitalization?
- Are benefits properly adjusted for periods of incarceration?

Consider Special Monthly Compensations (SMC) including housebound (HB) and Aid & Attendance (A&A)

- Is there evidence of need for housebound or aid or attendance benefits?
- Is there evidence the veteran may no longer be in need of current housebound or aid or attendance benefits?
- Are aid and attendance benefits properly adjusted for periods of hospitalization?

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33. Disability and Death Benefits, Continued

a. Disability Compensation (continued)

As you review benefits, keep in mind that a veteran who is currently receiving pension benefits may also have service-connected disabilities. Be sure to check the Master Record for this information. If there is indication that a service connected disability has increased in severity, suggest the fiduciary apply for an increase. While pension may have previously been the greater benefit, if the disability has worsened, an increased evaluation may now make compensation the greater benefit.

b. Disability and Death Pension

Disability and death pension are available to certain veterans and surviving dependents with low incomes. Payments are made to eligible individuals to bring their total income, including other retirement or Social Security income, to a level set by Congress. Unreimbursed medical expenses may reduce countable income.

There are currently three active pension programs:

- Old Law
- Section 306
- Improved Pension

Individuals receiving under Old Law or Section 306

- continue to receive benefits at a rate frozen on 12/31/78,
- can continue to receive these funds so long as their income remains under levels set by Congress and updated annually*, and
- may, at any time, elect Improved Pension if it is to their advantage.

***Note:** This rate may be reduced if there is a loss of dependent or the beneficiary is no longer in a nursing home (if A&A was due to nursing home patient status.)

All individuals awarded pension after 12/31/78, receive payments under Improved Pension.

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33. Disability and Death Benefits, Continued

c. Issues to Consider Relating to Pension Benefits

- Is all income counted?
 - Is there evidence of unreported wages?
 - If a veteran has married, are there unreported spousal wages?
 - Is there evidence that a non-veteran beneficiary has married and benefits should be terminated?

 - Are all medical expenses for the beneficiary and any dependents considered? Examples of eligible expenses include payments for:
 - medical care,
 - prescriptions,
 - eye care,
 - dental care,
 - health insurance premiums,
 - caregiver services,
 - nursing home charges, or
 - incontinence supplies.

 - If the beneficiary receives Old Law or Section 306, would election to Improved Pension result in increased benefits? Keep in mind that Improved Pension at the \$90 Medicaid rate may be advantageous over a greater pension payment under Old Law or Section 306, as the full amount must be used for personal needs only.
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d. Disability and Indemnity Compensation (DIC)

- Has beneficiary's marital status changed? If so, does it affect entitlement? Remember remarriage of a surviving spouse after age 57 does not affect the payment of DIC benefits.
 - Are dependents appropriate?
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e. Parents Disability

- Has the dependent parents' marital status changed?
- Has income changed?

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- Does award reflect adjustment for unreimbursed medical expenses?

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33. Disability and Death Benefits, Continued

f. Spina Bifida The **Spina Bifida** program applies to biological children of veterans who served in

- Vietnam during the period beginning January 9, 1962, and ending May 7, 1975, or
- in or near the Korea demilitarized zone (DMZ) during the period beginning September 1, 1967 and ending August 31, 1971.

If the child of a veteran meeting either of these criteria is diagnosed with spina bifida, s/he may be entitled to a monetary allowance based on the severity of the condition.

You will generally become aware of these cases *after* the child has been awarded benefits. If, however, you identify potential entitlement (e.g. a veteran states in a request for increased allowance, that his or her child has spina bifida, or you note the child's condition when reviewing a field examination report, and the veteran meets service requirements), inform the veteran (or fiduciary) of potential entitlement to special benefits for the child and provide VA Form 21-0304, Benefits for Certain Children with Disabilities Born of Vietnam Veterans, with instructions for filing.

These children also have potential entitlement to vocational training at age 18, or the date the child completes secondary schooling, whichever comes first, if VA determines that achievement of a vocational goal is reasonably feasible. Inform the fiduciary to contact Vocational Rehabilitation and Employment for eligibility information and application procedures.

g. Children of Women Vietnam Veterans The **Children of Women Vietnam Veterans** program applies to biological children of women veterans who served in Vietnam during the period beginning February 28, 1961, and ending on May 7, 1975. Birth defects covered are those associated with a mother's service in Vietnam and that result in a permanent physical or mental disability.

These children also have potential entitlement to vocational training at age 18, or the date the child completes secondary schooling, whichever comes first, if VA determines that achievement of a vocational goal is reasonably feasible. Inform the fiduciary to contact Vocational Rehabilitation and Employment for eligibility information and application procedures.

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33. Disability and Death Benefits, Continued

**g. Children of
Women
Vietnam
Veterans
(continued)**

If the child of a female veteran meets these criteria s/he may be entitled to a monetary allowance based on the severity of the condition.

As with spina bifida, you will generally become aware of these cases *after* the child has been awarded benefits. If, however, you identify potential entitlement (e.g. a female veteran who has a child with birth defects and the veteran meets the military service requirements), inform the veteran (or fiduciary) of potential entitlement to special benefits for the child and provide VA Form 21-0304, Benefits for Certain Children with Disabilities Born of Vietnam Veterans, with instructions for filing.

34. Dependent Allowances

- a. Dependents**
- Are all eligible dependents included?
 - spouse
 - children (minors, stepchildren, schoolchildren)
 - dependent parents
 - Are those included appropriate?
 - divorce
 - death
 - minor child married or entered military service
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- b. Adult Helpless Child**
- Is there indication that a minor child, nearing the age of majority, is incapable of self-support?
 - Has a currently recognized adult helpless child married?
 - Does an adult helpless child receiving pension have other unreported income?
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35. Ancillary Benefits

a. Medical Care

Eligibility for medical care through the VA health care system is based upon priority status as determined by VHA. Although eligibility is automatic and enrollment is not required for veterans rated 50 percent or more service-connected, or those seeking care for a service connected condition, all are urged to enroll.

Certain classes of individuals will be required to

- undergo a financial assessment,
- pay a co-payment for service received, to include inpatient, extended and outpatient care, as well as medications

Potential services available through the VA healthcare system, in addition to inpatient, outpatient and prescription services, include

- readjustment counseling to help combat veterans in their readjustment to civilian life,
- prosthetic and sensory aid services to provide needed prosthetic appliances, equipment and devices (i.e. artificial limbs, orthopedic braces and shoes, wheelchairs, and other durable medical equipment) and, in some circumstances, hearing aids and eyeglasses,
- services and aids for blind veterans,
- alcohol and drug-dependence treatment,
- compensated work therapy,
- outpatient dental treatment,
- outpatient pharmacy services,
- nursing home care,
- domiciliary care,
- reimbursement of travel expenses, and
- payment for emergency care in non-VA facilities.

If an accounting, correspondence, or other action identifies payment from a veteran's estate for medical and medical-related expenses, inform the fiduciary of the veteran's potential entitlement to healthcare through the VA health care system. Furnish VA Form 10-10EZ, Application for Health Benefit, and provide the VA Health Benefits Service Center toll-free number (1-877-222-8387) for further information.

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35. Ancillary Benefits, Continued

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- b. Clothing Allowance** Any veteran is entitled to receive a clothing allowance if s/he receives compensation for a service-connected disability
- for which s/he uses prosthetic or orthopedic appliances, or
 - for a skin condition that requires prescribed medication that irreparably damages his or her outer garments.

Clothing allowances are paid annually.

If a veteran meeting any of these criteria is not in receipt of the annual clothing allowance, advise the fiduciary to contact the Prosthetic and Sensory Aid Service at the closest VA health care facility to apply.

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- c. Commissary Privileges** Unlimited exchange and commissary store privileges are available to honorably discharged veterans with a service-connected disability at the 100 percent rate, including unemployability. Eligibility extends to their spouses and dependent children, as well as their unremarried surviving spouses and orphans.

Inform fiduciaries of beneficiaries meeting these criteria of potential eligibility. Provide DD Form 1172, Application for Uniformed Services Identification and Privilege Card, along with instructions to contact the nearest military installation.

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- d. Home Loan Guaranty** This program is available to service members, veterans, reservists and unmarried surviving spouses who meet specific eligibility criteria. VA's guaranty protects the lender against loss up to the amount of VA guaranty if the borrower fails to repay the loan, enabling the purchaser to obtain a loan

- with a competitive interest rate, and
- in most cases, without down payment if the lender agrees.

In addition to purchasing an existing home, residential condominium, newly constructed home, or manufactured home, the veteran may use his or her entitlement for various other purposes such as refinancing an existing loan, or to make repairs or improvements.

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35. Ancillary Benefits, Continued

d. Home Loan Guaranty (continued)

Court-appointed fiduciaries contemplating the purchase or improvement of a residence for the beneficiary should be provided information about the Loan Guaranty Program, along with application instructions.

Federal fiduciaries, except spouse payees, may not invest a beneficiary's VA funds in real estate.

Refer to the following chart for required actions related to VA home loans and incompetent beneficiaries:

If an incompetent veteran, or surviving spouse ...	You must notify Loan Guaranty ...
has a current VA loan,	of this fact, along with the VA loan number and any other pertinent information and request notification if the loan goes into default.
makes application for a new VA loan,	notify Loan Guaranty that F&FE approval is required.

e. Specially Adapted Housing Grant

Certain veterans with service-connected disabilities may be entitled to a grant from VA to assist in either building a new specially adapted home or in purchasing an existing home to modify and remodel to meet their disability-related requirements.

VA may approve a grant

- of not more than 50 percent of the cost of building, buying, or adapting an existing home or
- to reduce indebtedness on a previously owned home that is being adapted, up to a maximum of \$50,000.

In certain instances, the full grant amount may be applied toward remodeling costs.

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35. Ancillary Benefits, Continued

e. Specially Adapted Housing Grant (continued)

The veteran must be eligible to receive compensation for permanent and total service-connected disability due to one of the following

- loss or loss of use of both lower extremities, such as to preclude locomotion without the aid of braces, crutches, canes or a wheelchair.
- loss or loss of use of both upper extremities at or above the elbow.
- blindness in both eyes, having only light perception, plus loss or loss of use of one lower extremity.
- loss or loss of use of one lower extremity together with (a) residuals of organic disease or injury, or (b) the loss or loss of use of one upper extremity which so affects the functions of balance or propulsion as to preclude locomotion without the use of braces, canes, crutches or wheelchair.

Real estate must be titled in the veteran's name before any improvement grant can be approved and before expenditure from the estate can be authorized.

Any purchase of real estate by a fiduciary requires court appointment.

If a veteran meeting any of the eligibility criteria requires modifications to his or her home to meet disability-related requirements, or the fiduciary expresses interest in purchasing or constructing a new residence for the veteran, inform the fiduciary of potential entitlement to the specially adaptive housing grant.

Provide VA Form 26-4555, Veterans Application in Acquiring Specially Adapted Housing or Special Home Adaptation Grant, along with appropriate instructions for submission to the nearest Veterans Service Center or Loan Guaranty Office. This grant may be used in conjunction with any remaining home loan guaranty entitlement the veteran may have.

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35. Ancillary Benefits, Continued

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- f. Special Housing Adaptations (SHA) Grant**
- VA may approve a grant for the actual cost, up to a maximum of \$10,000, for adaptations to a veteran's residence that are determined by VA to be reasonably necessary. The grant also may be used to help veterans acquire a residence already adapted with special features for the veteran's disability. Veterans must be entitled to compensation for permanent and total service-connected disability due to
- blindness in both eyes with 5/200 visual acuity or less, or
 - anatomical loss or loss of use of both hands.

This grant may be used in conjunction with the veteran's available loan guaranty entitlement.

- g. Home Improvement & Structural Allowance Grants (HISA)**
- Home Improvement & Structural Allowance (HISA) grants are administered by the VA health care system. This program provides funding for eligible veterans to make home improvements necessary for the continuation of treatment or for disability access to the home and essential lavatory and sanitary facilities.

Instruct fiduciaries of veterans requiring home modifications to contact the Prosthetic Representative at the nearest VA medical center or outpatient clinic for application procedures.

- h. Automobile and Adaptive Equipment Grants**
- Veterans and service members may qualify for an automobile grant if they have
- service-connected loss or permanent loss of use of one or both hands or feet, *or*
 - permanent impairment of vision of both eyes to a certain degree, *or*
 - ankylosis (immobility) of one or both knees, or one or both hips.

Fiduciaries of veterans meeting any of these criteria should be furnished VA Form 21-4502, Application for Automobile or Other Conveyance and Adaptive Equipment (Under 38 U.S.C. 3901-3904), along with instructions for filing.

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35. Ancillary Benefits, Continued

**h. Automobile
and Adaptive
Equipment
Grants
(continued)**

The automobile grant is a one-time payment by VA of not more than \$11,000 toward the purchase of an automobile or other conveyance. Additionally, VA pays for adaptive equipment, and or repair, replacement, or reinstallation required because of disability, and for the safe operation of a vehicle purchased with VA assistance.

36. Education Benefits

- a. Vocational Rehabilitation and Employment** Vocational Rehabilitation and Employment is an employment-oriented program that helps veterans with service-connected disabilities prepare for, find and keep employment.

Suitable employment will be different for each individual. It is defined, for program purposes, as work that is within the veteran's physical, mental and emotional capabilities and matches his or her patterns of skills, talents and interest.

For veterans whose disabilities are so severe they cannot currently consider employment, VA helps them attain as much independence in daily living as possible. Due to the nature of the disabilities suffered by our incompetent beneficiaries, this will be the most common type training you will see.

- b. General Eligibility** A veteran must have been discharged or released from military service under other than dishonorable conditions and have a VA established service-connected disability rated
- 10 percent disabling with a serious employment handicap **or**
 - at least 20 percent with an employment handicap.
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- c. LIE Responsibility** The field examiner should address potential entitlement to vocational rehabilitation training during each field examination. As an LIE, you must also be alert to potential entitlement.

As you review accountings, as well as during ongoing estate administration, watch for indicators that a veteran's condition may be improving. Perhaps s/he is becoming more active, socializing more, has taken an interest in computers, is working part-time, etc.

If there is indication that the beneficiary may benefit from some form of vocational rehabilitation training, forward information pamphlet along with VA Form 28-1900, Disabled Veterans Application for Vocational Rehabilitation, with appropriate return address information. Document your action in the PGF.

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36. Education Benefits, Continued

- d. Dependents Educational Assistance (DEA)** While there are other eligibility criteria for service members, as an LIE, you will be concerned primarily with dependents of veterans who are (or were prior to death)
- rated 100% permanent and total for compensation purposes, or
 - died as a result of service-connected causes.

If potential entitlement exists, consider the following.

- Is there a spouse with potential entitlement?
 - Are there children with potential entitlement? Are they nearing age 18, or between the ages of 18 and 26?
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- e. Required Action** Does PGF reflect that the field examiner, at the last home contact, explained continuation of benefits beyond age 18 and entitlement to dependents educational assistance?
- If not, request a field examination for this purpose.
 - If the field examination report reflects that education beyond age 18 is highly improbable or that the fiduciary is knowledgeable in VA benefits and is willing and able to assure continuation of education, you need make no further inquiry in this regard.
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37. Insurance

a. General

You must take action to protect the incompetent veteran's VA insurance rights. This topic contains information about VA insurance and is intended to provide general information only. Refer the veteran (or fiduciary) to the Department of Veterans Affairs, Regional Office and Insurance Center, Box 42954, Philadelphia, PA 19101, Telephone 1-800-669-8477, if you identify changes that may affect the veteran's VA insurance entitlement.

b. Does the veteran have VA insurance ?

You must determine, by review of appropriate electronic payment screens, if VA insurance is in effect. Refer to the following chart to determine appropriate action:

If you determine VA insurance ...	You must determine ...
is in effect	<p>if premiums are on waiver. If premiums are not on waiver, advise the fiduciary to apply for waiver of premiums if the veteran</p> <ul style="list-style-type: none"> • has an RH policy in effect, • is under age 65, and • meets the requirement for total disability. <p>The veteran must file any application for waiver within one year from the date of notification of having met total disability requirements.</p>
is not in effect	<p>if it is appropriate to solicit an application.</p> <ul style="list-style-type: none"> • If the veteran was rated competent for 2 years after the disability rating was granted, the right to insurance has expired. • If the veteran was rated incompetent, prior to the expiration of 2-year limitation after the disability rating was granted, s/he may be eligible. <p>Note: You may need to review the veteran's c-file to make this determination, as the date of</p>

	the service-connected rating does not appear in the Master Record.
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37. Insurance, Continued

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- c. Who can apply for VA insurance on behalf of an incompetent veteran?**
- An incompetent veteran can apply for VA insurance if s/he has testamentary capacity. If the veteran does not have testamentary capacity, only a guardian, or other court appointed fiduciary, can apply for VA insurance on behalf of an incompetent and express approval or ratification by the court may be necessary. (See paragraph 37.b below.)
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- d. Can an incompetent veteran apply for VA insurance?**
- The incompetent veteran may apply for VA insurance without a court appointed fiduciary if, at the time of the signing,
- the veteran is lucid
 - the veteran has the testamentary capacity to understand the nature and consequence of his or her act, and
 - there is evidence of the veteran's testamentary capacity at the time of the signing, in the form of a written statement from a physician, submitted with the application.
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37. Insurance, Continued

e. How are premiums managed when a waiver is not in effect?

Refer to the following chart for guidance on handling cases involving an incompetent veteran who has (or has applied for) VA insurance and premiums are not on waiver.

If the veteran...	Action
<p>Rated incompetent, has no VA insurance, and is within the 2-year period from rating of disability</p>	<p>Immediately provide the appropriate applications for RH insurance and waiver of premiums. Tell the fiduciary to</p> <ul style="list-style-type: none"> • request the insurance be effective on the date the application is filed, and • remit premiums until a decision is made on the waiver request. <p>Inform the fiduciary that</p> <ul style="list-style-type: none"> • any premiums paid will be refunded if waiver is granted, and • that a medical exam may be required for the waiver if the veteran is not hospitalized. <p>[Note: Often there is sufficient medial evidence in the c-file. If not, the Insurance Center will notify the fiduciary to make arrangements with a VAMC, or a private physician if a VAMC is not convenient.]</p> <p>Be sure to fully document the PGF with any actions taken.</p>

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37. Insurance, Continued

e. How are premiums managed when a waiver is not in effect? (continued)

If the veteran...	Action
<p>Rated incompetent, has VA insurance in effect, and premiums are not on waiver</p>	<ul style="list-style-type: none"> • Immediately provide the appropriate application for waiver of premiums to the fiduciary, and • Tell the fiduciary to remit premiums until a decision is made on the waiver request. <p>Inform the fiduciary that</p> <ul style="list-style-type: none"> • any premiums paid will be refunded if waiver is granted, and • that a medical exam may be required for the waiver if the veteran is not hospitalized, [Note: Often there is sufficient medial evidence in the c-file. If not, the Insurance Center will notify the fiduciary to make arrangements with a VAMC, or a private physician if a VAMC is not convenient.] <p>Be sure to fully document the PGF.</p>
<p>Re-rated competent</p>	<ul style="list-style-type: none"> • Notify the Insurance Center of the veteran's last known address of record so that premium notices will be properly directed. • Notify the veteran that s/he will be responsible for future premiums. Refer them to the Insurance Center with any questions. • Fully document the PGF.

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37. Insurance, Continued

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- f. Are there time limits for filing of National Service Life Insurance (NSLI) claims?**
- Veterans discharged after April 25, 1951, and subsequently rated 0% or more for a service-connected disability, have 2-year from the date the notice of service connection was sent (NSLI-RH under 38 U.S.C. 722(a)).

Veterans shown to have been mentally incompetent during any part of the 2-year period may apply at any time within 2 years after a guardian is appointed or within 2 years after the disability is removed, whichever is earlier.

If the court appointed fiduciary does not apply for NSLI and the veteran is re-rated competent within the 2-year period, the veteran's eligibility for insurance runs from the date of appointment of the fiduciary.

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- g. Is it appropriate to secure a court-appointed fiduciary for the purpose of**
- Appointment of a court-appointed fiduciary for the sole purpose of applying for VA life insurance is not necessary. In many instances, a veteran is considered to have applied for and been granted up to \$10,000 in insurance even though a formal application has never been made.

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To be eligible for this gratuitous insurance, the veteran must have

- been qualified for RH insurance, i.e.:
 - discharged from military service on or after 04/25/51,
 - under other than dishonorable conditions, and
 - subsequently rated for a service-connected disability.
- been mentally incompetent from a service-connected disability:
 - at the time of release from active service, or
 - during any part of the 2-year period from the date the service connection of a disability is first determined by the Veterans Administration, or
 - after release from active service, but is not rated service-connected disabled by the VA until after death; and

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37. Insurance, Continued

g. Is it appropriate to secure a court-appointed fiduciary for the purpose of applying for VA insurance? (continued)

- remained continuously so mentally incompetent until date of death; and died before the appointment of a guardian, or within 2 years after the appointment of a guardian.
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h. When should conversion to permanent plan insurance be considered?

When a veteran's prognosis and age suggest a conversion of term insurance to a permanent plan, furnish the information to the court-appointed fiduciary for consideration.

i. Why might it be advisable to convert term insurance to a permanent plan?

Veterans who continued their term insurance without converting to a permanent plan find their premiums increasing each successive term while their policies acquire no loan or cash surrender value and no potential for extended or paid-up insurance. In these instances, conversion to a permanent plan may be in the veteran's best interest.

Note, however, that these conversions are irrevocable and may be accomplished only by the veteran if he or she has no court-appointed

fiduciary and has sufficient mental capacity, or by the court-appointed fiduciary with court approval, when necessary.

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37. Insurance, Continued

j. What are dividend ends ?

A dividend is a distributable surplus derived from favorable mortality experiences and excess interest not needed to cover risks. Refer to the following table for information on available options for distribution of dividend payments:

Selection of ...	Will result in ...
credit	retention of dividends as a credit, with interest, to pay premiums to prevent a lapse if the insured fails to pay. This option is used in all cases where a different option has not been selected.
cash	issuance of a U S Treasury check, mailed to the current address of record.
deposit	dividends left to accumulate on deposit, with interest. This option is available on permanent plans only and requires written request. If the policy lapses or is surrendered for paid-up insurance, the deposit and interest are used in calculating the amount and period of extended insurance or the amount of paid up insurance.
premium	application of dividends for payment of advance premiums.
loan/lien	application of dividend to reduce a loan or lien on the policy.
paid-up additions	application as a single premium at the attained age of the insured to purchase paid-up insurance. The paid-up additions have loan and cash surrender values. This option is available only to policyholders with V, RS, W, J, JR or JS insurance

k. Can an incompetent beneficiary obtain a loan again

A loan may be obtained only by a competent insured or by a court-appointed fiduciary with a court order, when necessary.

Generally, securing loans of any type by or on behalf of an incompetent beneficiary should be discouraged; any decision to approve such loan should be rare and must be fully supported and documented within the PGF.

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37. Insurance, Continued

- I. What if the beneficiary obtained a loan prior to any determination of incompetence?**
- Oftentimes, an incompetent beneficiary will have an outstanding loan, secured prior to any determination of incompetence. These loans may be repaid at any time, in part or full; deductions from compensation or pension can be authorized for repayment.

Annual interest, if not paid, is added to the principal. If the principal and interest of the loan exceed the cash value of the policy, some payment must be made or the insurance is cancelled.

If the policy matures (the insured dies or reaches endowment age) or lapses for nonpayment of premiums, before the loan and interest are repaid, the amount of the debt is deducted from the face amount or the cash value of the policy, whichever is applicable.

38. [Reserved]

a.
