Pension and fiduciary service

PMC VSR Advanced Core Course Phase 5: Stages of a Claim  
Part 5: Award Adjustments

Lesson 3: Determine Net Worth Adjustments

Lesson Plan

May 2022

Determine Net Worth Adjustments

Lesson Overview

| Topic | Description |
| --- | --- |
| Time Estimate: | 4 hours |
| Purpose of the Lesson: | This lesson is part of the entry-level course for PMC VSRs. The purpose of this lesson is to prepare PMC VSRs to recognize and accurately calculate net worth related adjustments. |
| Prerequisite Training Requirements: | Prior to taking the Determine Net Worth Adjustments lesson, trainees must complete the entry-level course Phases 1–4, Phase 5 Parts 1-4 and Phase 5, Part 5, Lesson 1 and 2. |
| Target Audience: | This lesson is for entry-level PMC VSRs. |
| Lesson References: | * Compensation and Pension Knowledge Management (CPKM) * 38 CFR 3.263 (Corpus of estate; net worth) * 38 CFR 3.274 (Net worth and VA pension.) 38 CFR 3.275 (How VA determines the asset amount for pension net worth determinations) * 38 CFR 3.275 (How VA Determines the Asset Amount for Pension Net Worth Determination). * 38 CFR 3.276 (Asset Transfer and Penalty Periods) * M21-1 I.i.1.B.1.a (Due Process and the U.S. Constitution) * M21-1 I.i.1.B.1.b. (Due Process and VA) * **M21-1 I.i.1.B.2.a. (Types of Notification Concerning Change in Benefits)** * M21-1 X.ii.3.C.1.a. (Definition: Contemporaneous Notice) * M21-1 X.ii.3.C.1.b. (Information a Beneficiary Must Provide to Justify Sending a Contemporaneous Notice) * M21-1 IX.i.3.A.1 (The Effect of Income/Net Worth on Benefit Entitlement) * M21-1 IX.i.3.A.2 (Development of Income and Net Worth-Dependent Cases) * M21-1 IX.i.3.A.4 (Developing for Net Worth) * M21-1 IX.i.3.A.1.c. (Definition: Net Worth) * M21-1 IX.iii.1.l.9.a. (Impact of the Sale of Property for Pension Purposes) * **M21-1 IX.iii.1.J.1.f. (Net Worth Criteria for Claims Received on or After October 18, 2018)** * M21-1 IX.iii.1.J.1.r. (Discontinuance for Excessive Net Worth) * M21-1 IX.iii.1.J.1.s. (Payment of Benefits Based on the Reconsideration of Net Worth) * M21-1 IX.iii.1.J.1.t. (Example 1: Adjusting Veterans Pension Awards Based on Changes in Net Worth) * **Income and Net Worth Status** job aid * **Time Limits** job aid * Refer to *Appendix A* for references introduced in earlier lessons |
| Technical Competencies: | * Processing Claims (PMC VSR) * Income Counting and Net Worth * VBA Applications (PMC VSR) * Program Benefits and Eligibility (PMC VSR) |
| Knowledge Check: | Phase 5: Stages of a Claim, Part 5a, Award Adjustments Knowledge Check |
| Lesson Objectives: | * Determine award adjustment based on changes to net worth. * Determine whether amended asset is an inclusion or an exclusion. * Determine whether a net worth determination is required. * Determine whether to develop for additional net worth information. * Determine whether net worth is a bar to benefits. |
| What You Need: | * Lesson Plan * Slides * Whiteboard * Access to CPKM * Access to the following job aids from VSR Assistant:   + **Income and Net Worth Status** job aid   + **Time Limits** job aid * Locally developed examples:   + Claim 1 net worth for an original claim   + Claim 2 is amended net worth/development needed   + Claim 3 is the same claimant from Claim 1 and 2 with the amended net worth information added |

Instructor Notes

This lesson provides trainees with the information, resources, and references to determine award adjustments for changes in net worth. The job aids in this lesson will provide additional guidance on award adjustments.

| PowerPoint Slides | Instructor Activities | |
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| Lesson 3: Determine Net Worth Adjustments | **DISPLAY** slide  “Lesson 3: Determine Net Worth Adjustments”  **INTRODUCE** yourself as the instructor.  **INTRODUCE** the lesson.  **STATE** that the technical competencies and references used for this course are located at the beginning of the trainee guide. | |
| Lesson Objectives   * Determine award adjustment based on changes to net worth. * Determine whether amended asset is an inclusion or an exclusion. * Determine whether a net worth determination is required. * Determine whether to develop for additional net worth information. * Determine whether net worth is a bar to benefits. | **DISPLAY** slide  “Lesson Objectives”  **PRESENT the objectives for the lesson.**  **Given today’s lesson, exercises and supporting documents by the end of this lesson you should be able to** Determine an award adjustment based on changes to net worth. More specifically we will:   * Determine whether amended asset is an inclusion or an exclusion. * Determine whether an updated net worth determination is required. * Determine whether to develop for additional net worth information. * Determine whether net worth is a bar to benefits. | |
| Why It Matters!  The **Determine Net Worth Adjustments** course is important because VA pension is a needs-based benefit and is not intended to preserve the estates of individuals who have the means to support themselves. | **DISPLAY** slide  “Why I Matters”  **STATE that this lesson matters because** VA pension is a needs-based benefit and is not intended to preserve the estates of individuals who have the means to support themselves.  **INFORM** trainees that this lesson serves only to introduce them to Net Worth Adjustments.  **STATE** that Processing Net Worth Adjustments will be covered in more details in Phase 6.  **ADVISE** them to take notes during this session to help them develop a basic understanding of the topic and assist them during the more in-depth training.  **EXPLAIN to trainees that this lesson will focus on whether a claimant's change in net worth bars him or her from receiving benefits.** | |
| Definitions (1 of 4)   * ***Net worth***, for claims received on or after October 18, 2018, is the sum of a claimant’s assets, and IVAP. * ***Assets*** are the fair market value of all property that an individual owns, including all real and personal property * ***Fair market value*** is the price at which an asset would change hands between a willing buyer and seller. * The ***covered asset amount*** is the monetary value by which a claimant’s net worth would have exceeded the limit due to covered asset(s) alone if the uncompensated value of the covered asset(s) had been included in net worth. | **DISPLAY** slide  “Definitions (1 of 4)”  **SELECT two or three trainees to read each definition on the slide.**  **STATE to keep these definitions in mind for later training on processing net worth.** |
| Definitions (2 of 4)   * A *Look-back period* means the 36-month period immediately preceding the date on which VA receives either an original pension claim, or a new pension claim after a period of non-entitlement   + A look-back period will not include any date prior to October 18, 2018   + The look-back period starts from the date a formal claim is submitted after a period of non-entitlement.   + A look-back period does not start from the date of an intent to file. | **DISPLAY** slide  “Definitions (2 of 4)”  ****EXPLAIN** that** a *look-back period* means the 36-month period immediately preceding the date VA receives either an original pension claim, or a new pension claim after a period of non-entitlement.  Title: Reference Icon - Description: This icon indicates you should emphasize the important point.  EMPHASIZE that a look-back period will not include any date prior to October 18, 2018, and that the look-back period starts from the date a formal claim is submitted after a period of non-entitlement.  A look-back period does not start from the date of an intent to file.  **STATE** VA presumes that an asset transfer made during the look-back period was for the purpose of decreasing net worth to establish pension entitlement. |
| Definitions (3 of 4)   * A *penalty period*:   + is a period of non-entitlement due to the transfer of a covered asset(s) during the look-back period   + cannot exceed 5 years   + begins on the first day of the month following the date of the last transfer, and   + is calculated by dividing the total covered asset amount by the monthly penalty rate and rounding down.   + The resulting whole number is the number of months VA will not pay pension. | **DISPLAY** slide  “Definitions (3 of 4)”  ****EXPLAIN** that** a*penalty period:*   * is a period of non-entitlement due to the transfer of a covered asset(s) during the look-back period AND cannot exceed 5 years, * begins on the first day of the month following the date of the last transfer, and * is calculated by dividing the total covered asset amount by the monthly penalty rate and rounding down.   ****STATE** to** the PENALTY PERIOD tab of the *Net Worth Calculator* is used to determine any penalty period.  If a penalty period is assessed, or any transfer for less than fair market value is evaluated, scan the penalty period tab into eFolder.    ACCESS the [Net Worth *Calculator*](https://vbaw.vba.va.gov/PENSIONANDFIDUCIARY/pension/docs/AO73_Calculator_Updated_11042021.xlsx) and show trainees where to locate the penalty period tab. |
| Definitions (4 of 4)   * For claims received on or after October 18, 2018, the bright-line net worth limit for pension entitlement is $123,600   + The current net worth limit for pension entitlement is listed on the [Veterans Pension Rate Table](https://www.va.gov/pension/veterans-pension-rates/).   + This limit is increased by the same percentage as the COLA in Social Security benefits.     - Net worth is assets plus IVAP (assets + IVAP). * Deny or discontinue pension if a claimant’s net worth exceeds the limit.   + The net worth calculator must be saved if pension is denied or discontinued due to excessive net worth. | **DISPLAY** slide  “Definitions (4 of 4)”  ****STATE** that** for claims received on or after October 18, 2018, the bright-line net worth limit for pension entitlement is $123,600, and the current net worth limit for pension entitlement is listed on the [Veterans Pension Rate Table](https://www.va.gov/pension/veterans-pension-rates/).  EXPLAIN that this limit is increased by the same percentage as the COLA in Social Security benefits.  STATE that net worth is assets plus IVAP (assets + IVAP).  **TELL trainees** that pension entitlement does not exist if the claimant’s net worth exceeds the bright-line net worth limit. VSRs are responsible for determining if the beneficiary’s net worth is a bar for VA benefits. Deny or discontinue pension when net worth is above the bright-line limit.  Title: Reference Icon - Description: This icon indicates you should emphasize the important point.  EMPHASIZE that the net worth calculator must be saved if pension is denied or discontinued due to excessive net worth. In calculating the IVAP for this purpose, consider only reasonably predictable medical expenses.  **RESTATE** that this course serves as an introduction and more on this subject willbe covered in phase 6. This lesson introduces them to terms and concepts.  **ADVISE** them to be sure to take notes as they go along to refer back to during their Phase 6 training on this topic. |
| Review Net Worth  Examples of property that are considered net worth | **DISPLAY** slide  “Review Net Worth”  **NOTE:** Before discussing changes in net worth, review how to determine net worth with the class.  **REMIND** trainees that they learned about net worth earlier in this course.  Title: Question Icon - Description: This icon prompts you to ask students a discussion question or to ask students if they have any questions before proceeding with instruction.  **ASK** trainees what is net worth for VA purposes?  **Net worth is assets plus IVAP (assets + IVAP)**  **Assets include all personal property owned by the claimant, except for personal effects suitable to the claimant’s reasonable mode of life.**  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REFER trainees to** M21-1 IX.iii.1.J.1.f. (Net Worth Criteria for Claims Received on or After October 18, 2018**). Have one of the trainees read the first and second paragraph aloud.**  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REMIND trainees that net worth applies to the Veteran and spouse.**  **REMIND trainees that net worth is applicable in Veteran and survivors pension claims, but is not applicable for DIC claims.** |
| Review Net Worth Status | **DISPLAY** slide  “Review Net Worth Status”  **REMIND trainees of the following topics related to net worth:**   * **Determine asset inclusions/exclusions** * **Calculate net worth**   **NOTE: Each of these topics will be discussed in detail in the next seven slides.**  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REFER trainees to Income and Net Worth Status job aid. Have the trainees navigate to Determine Net Worth Status section of the job aid.**  **GIVE trainees 5 minutes to review the steps for determining net worth status.** |
| Review Assets Inclusions/Exclusions | **DISPLAY** slide  “Review Assets Inclusions/Exclusions”  **TRANSITION to the first topic related to net worth: determine assets inclusions/exclusions.**  **EXPLAIN that it is important to determine what property is considered as assets before calculating the net worth.**  **SELECT** three or four trainees to provide examples of assets that are inclusions and exclusions. |
| Review Assets Inclusions/Exclusions Answers   * Inclusion examples:   Real estate (not including primary residence)  Retirement  Stocks  Bonds  Bank deposits   * Exclusion examples:   The claimant's primary residence  Normal household objects and possessions  Motor vehicles used for family transportation | **DISPLAY** slide  “Review Assets Inclusions/Exclusions Answers”  **REVIEW** the answers with the trainees.  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REFER** trainees to the following references:   * 38 CFR 3.275 (How VA determines the asset amount for pension net worth determinations.) * **M21-1 IX.iii.1.J.1.f. (Net Worth Criteria for Claims Received on or After October 18, 2018)** * M21-1 IX.i.3.A.1.c. (Definition: Net Worth)   **SELECT a trainee to read each reference aloud.** |
| Asset Inclusions/Exclusions Example (1 of 2)  **Scenario: Melissa Stevens has an IVAP of $10,000. She owns a duplex with a current market value of $500,000 and occupies half of the duplex. Mrs. Stevens owes $400,000 on the mortgage on the property. Mrs. Stevens owns the following:**   * + **Clothing and personal articles worth about $9,000**   + **Car (primary means of transportation) worth $7,000**   + **Fine art painting worth $15,000**   + **Furniture worth $2,000** | **DISPLAY** slide  “Asset Inclusions/Exclusions Example (1 of 2)”  **EXPLAIN that determining net worth involves comparing the claimant’s assets inclusions and exclusions.**  **SELECT one of the trainees to read the net worth example aloud.**  **DIRECT one trainee to provide the inclusions for the example.**  **DIRECT another trainee to provide the exclusion for the example.** |

| PowerPoint Slides | Instructor Activities | |
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| **Asset Inclusions/Exclusions Example Answers**  Asset Inclusions  Fine Art painting worth $15,000  Market value of half of duplex $250,000  Asset Exclusions  Market value of half of the duplex ($250,000 of the market value of the duplex–other half that Mrs. Steven’s uses as personal home)  **Clothing and personal articles worth about $9,000**  **Car (primary means of transportation) worth $7,000**  Furniture $2,000 | **DISPLAY** slide  “Asset Inclusions/Exclusions Example Answers”  **REVIEW the answers with the trainees.**  **DIRECT two trainees to go to the whiteboard and write the correct answers. Have them include the monetary value that will be used for another example.**  **REMIND trainees of the references that pertain to this example:**   * **38 CFR 3.275 (How VA determines the asset amount for pension net worth determinations.)** * **M21-1 IX.iii.1.J.1.f. (Net Worth Criteria for Claims Received on or After October 18, 2018)** * **M21-1 IX.i.3.A.1.c. (Definition: Net Worth)** |
| Asset Inclusions/Exclusions Example (2 of 2)  **Scenario:** Susan Blackman, surviving spouse of Richard Blackman, applies for Survivor’s pension on June 15, 2020. Mrs. Blackman’s VA Form 21P-534EZ Application for DIC, Death Pension, and/or Accrued Benefits, indicates that she has $22,000 in non-interest-bearing bank accounts, $4,000 in interest bearing bank accounts, and $100,000 in a living trust. IVAP is $0. On July 15, 2020, a MAP-D development letter was sent requesting documentation regarding Mrs. Blackman’s trust. Mrs. Blackman’s response on August 5, 2020, included the trust agreement. This agreement indicated that Mrs. Blackman’s assets were transferred to a living trust in February 2020. The agreement further explains that these assets may be liquidated in full. | **DISPLAY** slide  “Asset Inclusions/Exclusions Example (2 of 2)”  **SELECT one of the trainees to read the net worth example aloud.**  **EXPLAIN to trainees that trusts are countable as net worth if they are available for use for the claimant’s support.**  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REFER trainees to M21-1 IX.iii.1.J.4.k. (Annuities, or Other Similar Financial Instruments as Net Worth)Have one of the trainees read the reference aloud.**  **DISCUSS the scenario with the class. Emphasize that a trust is countable to a claimant if the:**   * Claimant establishes that he/she can liquidate the entire balance.   **NOTE** that if the claimant cannot liquidate the value of the trust or information about the liquidity is unavailable, count any monthly income received as income for net worth purposes and exclude the financial instrument value from assets. |
| Asset Inclusions/Exclusions Example (2 of 2) Answers   * *Asset Inclusions*   + *non-interest-bearing bank accounts $22,000*   + *interest-bearing bank accounts $4,000*   + *count the total value of the trust $100,000* | **DISPLAY** slide  “Asset Inclusions/Exclusions Example (2 of 2) Answers”  **REVIEW the answers with the trainees.**  **REMIND trainees of the references that pertain to this example:** |
| Review Calculate Net Worth | **DISPLAY** slide  “Review Calculate Net Worth”  **EXPLAIN to trainees that once they have determined asset inclusions for VA purposes, then they calculate the net worth.**  **REMIND trainees of the example used for net worth inclusions and exclusions.**  **POINT to the answers written on the whiteboard.** |
| Review Calculate Net Worth Example  **Mrs. Stevens’s net worth:**   * IVAP: $10,000.00 * Fine Art painting: $15,000 * Market value of half of duplex $250,000   **Remember, Mrs. Stevens owes $400,000 on the mortgage on the property.** | **DISPLAY** slide  “Review Calculate Net Worth Example”  **SELECT one of the trainees to go the whiteboard.**  **DIRECT one of the trainees to read the following net worth example aloud:**  **Mrs. Stevens’s net worth:**   * IVAP:$10,000 * Fine Art painting: $15,000 * Market value of half of duplex $250,000   **Remember, Mrs. Stevens owes $400,000 on the mortgage for the property.** |
| Review Calculate Net Worth Example Answers  ****Calculations:****   * ***The value of the property minus mortgage for the duplex equals the value of duplex.***      * ***The value of the duplex minus half of the duplex for personal residence equals other half of the duplex as assets.***      * ***The half of duplex plus painting equals the total assets amount.*** * ***Net worth is*** | **DISPLAY** slide  “Review Calculate Net Worth Example Answers”  **DISCUSS** as a class how to calculate the net worth. Focus on the fact that mortgage is excluded per 38 CFR 3.263(b) (Definition. Corpus of estate and net worth).  **DIRECT the trainee at the whiteboard to write out the calculation for net worth as the other trainees provide the answers.**  Value of the property $500,000  −  Mortgage for duplex: $400,000  **$**100,000****    **−**  ****Half of duplex (personal residence**): $50,000**  **Half of duplex (net worth): **$50,000****  **+**  **Fine Art Painting: $15,000**  **Assets: $65,000**  **Net Worth is $75,00** |
| **Practice Exercise—Review Net Worth**   * Instructions:   + Divide into pairs.   + Access Claim 1.   + Use Appendix B: Part A—Review Net Worth worksheet to show your work.   + Work as a group to calculate the net worth based on Claim 1. * Time allowed: 20 minutes | **DISPLAY** slide  “Practice Exercise—Review Net Worth”  **DIRECT** trainees to divide into groups of two.  **EXPLAIN** that this class activity will help refresh what was taught in the Determine Net Worth Status lesson.  **INFORM** trainees that they will be working with their group to calculate the net worth based on Claim 1.  **DIRECT** trainees to:   * Access Claim 1 * Use calculators to determine the net worth * Use Appendix B: Part A—Review Net Worth worksheet to show their work   **ALLOW** 20 minutes to complete the practice exercise. |

Determine Net Worth

| **Net Worth Source** | **Total Calculated** |
| --- | --- |
| Cash, non-interest bearing bank accounts |  |
| Interest bearing bank accounts, certificates of deposit (CDs) |  |
| Retirement accounts (IRAs, Keogh Plans, etc.) |  |
| Stocks, bonds, and mutual funds |  |
| Value of business assets |  |
| Real property |  |
| Total Net Worth |  |

| PowerPoint Slides | Instructor Activities |
| --- | --- |
| **Practice Exercise—Review Net Worth Answers**  *Answers provided by instructor based on example claim selected.* | **DISPLAY** slide  “Practice Exercise—Review Net Worth Answers”  **REVIEW** answers to practice exercise.  *Answers provided by instructor based on example claim selected.*  This icon prompts you to ask trainees a discussion question or to ask trainees if they have any questions before proceeding with instruction.  **ASK** trainees if they have any questions or concerns regarding calculating net worth. Use this time to clear up any confusion or misconceptions about the information presented. |
| ****Net Worth Award Adjustments****   * Net worth adjustments are different than income and expense adjustments * Net Worth adjustments are ***not***:   + Compared to MAPR   + Compared on a sliding scale—either net worth is acceptable or is a bar to benefits | **DISPLAY** slide  “Net Worth Award Adjustments”  **EXPLAIN** to trainees that net worth adjustments are different than income and expense adjustments.  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REFER trainees to M21-1 IX.iii.1.J.4.c. (When to Calculate Net Worth).**  **NOTE that** net worth adjustments are made, if necessary, whenever VA receives:   * a request to establish a new dependent, or * information that a Veteran’s, surviving spouse’s or child’s net worth has increased or decreased.   Net Worth adjustments are ***not***:   * Compared to MAPR * Compared on a sliding scale—either net worth is acceptable or is a bar to benefits |
| Conversion of Assets  **A surviving spouse sold her family home for $325,000. Before the sale, the value of her home was an exclusion from assets. Now, the income from the sale converts to an inclusion.** | **DISPLAY** slide  “Conversion of Assets”  **INFORM trainees that net worth adjustments may include the conversion of assets.**  Title: Question Icon - Description: This icon prompts you to ask students a discussion question or to ask students if they have any questions before proceeding with instruction.  **ASK trainees:**   * **What is conversion of assets?**   **Claimants may sell their personal property. The income from the sale is now converted to net worth.**  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REFER** trainees to M21-1 IX.iii.1.l.9.a.. (Impact of the Sale of Property on Pension Benefits). Have one of the trainees read the reference aloud.  Title: Reference Icon - Description: This icon indicates you should emphasize the important point.  **EMPHASIZE** the note in M21-1 IX.iii.1.l.9.a. (Impact of the Sale of Property on Pension Benefits) as it relates to determining net worth.  **EXPLAIN to trainees that if a claimant has personal property initially considered an exclusion from assets and sells that property, then the income from that sale is considered a conversion of assets and the income from the sale is considered an asset inclusion.**  **For example, a surviving spouse sold her family home for $325,000. Before the sale, the value of her home was an exclusion from assets because it was her primary residence. Now, the income from the sale converts to an inclusion for assets, so it affects the net worth amount.** |
| **Award Adjustments Based on Amended Net Worth**  Once the amended net worth has been calculated, the award adjustment for net worth may result in one of the following two outcomes:   * **Update the VBMS-A with amended net worth amount** * **A termination of benefits** | **DISPLAY** slide  “Award Adjustments Based on Amended Net Worth”  **REMIND** trainees that they learned about net worth earlier in the course, but now they will learn how to adjust an award based on changes in net worth.  **EXPLAIN** that once the amended net worth has been calculated, then the award adjustment for net worth may result in one of the following two outcomes:   * **Update the VBMS-A with amended net worth amount** * **A termination of benefits**   **EXPLAIN** that if the amended net worth is received within a year of the decision to terminate, and you determined that net worth is no longer excessive, then resume the award that was discontinued because of excessive net worth from the date that net worth ceased to be excessive. However, if the amended net worth is received after the expiration of one year. It is considered a new claim. The award cannot be resumed earlier than the date of claim for the new claim.  **INFORM** trainees that for more information on the resumption of benefits based on the reconsideration of net worth, refer to M21-1 IX.iii.1.J.1.s. (Payment of Benefits Based on the Reconsideration of Net Worth). |
| Update VBMS-A with Amended Net Worth Amount  Process the award adjustment by updating the VBMS-A with the amended net worth amount. | **DISPLAY** slide  “Update VBMS-A with Amended Net Worth Amount”  **TRANSITION** to the first possible outcome for amended net worth: update the VBMS-A with the amended net worth amount.  **EXPLAIN** to trainees that if a claimant submits updated net worth information and you determine that the amended net worth falls within acceptable limits, then process the award adjustment by updating the VBMS-A with the amended net worth amount.  This means that you still update the net worth amount in VBMS-A, but you send a no change letter to the claimant informing him/her that the amended net worth has been updated.  **NOTE:** The next few slides will show examples of the updated net worth. |
| Update VBMS-A with Amended Net Worth Amount Example 1  **Scenario:** On May 15, 2020 we received a VA Form 21-4138, Statement in Support of Claim, from Veteran Jesse Lacey. He reported that he sold his Daisy Lane home on January 21, 2020, and received a lump sum payment in the amount of $25,000. We have previously been considering net worth of $10,000. The Veteran’s IVAP is $12,000. | **DISPLAY** slide  “Update VBMS-A with Amended Net Worth Amount Example 1”  **SELECT one of the trainees to read the scenario aloud.**  Title: Question Icon - Description: This icon prompts you to ask students a discussion question or to ask students if they have any questions before proceeding with instruction.  **ASK** trainee the following questions:   * **What is the updated net worth information provided by Mr. Lacey?** * **What is the calculated amended net worth?** |
| **Update VBMS-A with Amended Net Worth Amount Example 1 Answers**   * **What is the updated net worth information provided by Mr. Lacey?**   **Lump Sum payment of $25,000**   * **What is the calculated amended net worth?**   Amended net worth: $47,000 | **DISPLAY** slide  “Update VBMS-A with Amended Net Worth Amount Example 1 Answers”  **DISCUSS the answers to the questions with trainees. Focus on the fact that the amended net worth falls within the acceptable limit and does not require a net worth determination (administrative decision).**  **EXPLAIN that they will change the net worth amount in the Financial Decisions tab in VBMS-A to $47,000.**  **They will send a no change letter to Mr. Lacey explaining that the provided update to net worth will not change his pension rate.** |
| **Update VBMS-A with Amended Net Worth Amount Example 2**  **Scenario:** VA receives a claim from Jacob Wright, a single Veteran, on April 15, 2020. Mr. Wright’s VA Form 21P-527EZ, Application for Pension, indicates he has previously reported assets of $10,500 in non-interest bearing bank accounts, $1,000 in a CD, and his collectible 1954 Buick Skylark car worth $6,500. He now reports his primary residence is worth $190,000, based on his most recent assessment. Mr. Wright’s only source of income is his monthly Social Security benefit of $950 and has not reported any medical expenses. | **DISPLAY** slide  “Update VBMS-A with Amended Net Worth Amount Example 2”  **SELECT one of the trainees to read the scenario aloud.**  Title: Question Icon - Description: This icon prompts you to ask students a discussion question or to ask students if they have any questions before proceeding with instruction.  **ASK** trainee the following questions:   * **What is the updated net worth information provided by Mr. Wright?** * **What is the amended net worth?** |
| Update VBMS-A with Amended Net Worth Amount Example 2 Answers   * **What is the updated net worth information provided by Mr. Wright?**   **Mr. Wright’s net worth has not changed.**   * **What is the amended net worth?**   **Mr. Wright’s net worth remains $29,400.** | **DISPLAY** slide  “Update VBMS-A with Amended Net Worth Amount Example 2 Answers”  **DISCUSS the answers to the questions with trainees. Focus on that fact that the amended net worth did not change because Mr. Wright’s primary residence is not counted as net worth.**  **EXPLAIN that they will not change the net worth amount in the Financial Decisions tab in VBMS-A.**  **They will, however, send a no change letter to Mr. Wright explaining that the update to net worth will not change his pension rate.** |
| No Change Letter Demo  Title: Question Icon - Description: This icon prompts you to demonstrate a process or activity. | **DISPLAY** slide  “No Change Letter Demo”  **DIRECT trainees to access Appendix C.**  Title: Question Icon - Description: This icon prompts you to demonstrate a process or activity.  **DEMONSTRATE what a no change letter for the example (Veteran Jacob Wright) looks like. Focus on the information outlined in the paragraph titled What Did We Decide?** |
| To Develop or Not To Develop | **DISPLAY** slide  “To Develop or Not To Develop”  **EXPLAIN** to trainees that there are some instances when the PMC VSR does not have to develop for net worth purposes.   * If complete asset and income information is on file, then development is not needed. *Instead, complete the net worth determination and provide a contemporaneous notice to the claimant.* * If complete asset and income information is ***not*** on file, then develop for the missing information. Inform the claimant of the proposed adverse action with the development letter. |
| Contemporaneous Notice Versus Proposed Adverse Action  What are the differences between a contemporaneous notice and a proposed adverse action? | **DISPLAY** slide  “Contemporaneous Notice Versus Proposed Adverse Action”  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REFER trainees to M21-1 I.i.1.B.2.a. (Types of Notification Concerning Change in Benefits).** Have one of the trainees read the reference aloud.  **DIRECT** two trainees to go to the whiteboard. Have one of the trainees write contemporaneous notice on the board while the other trainee writes proposed adverse action.  **DISCUSS the differences between a** contemporaneous notice and proposed adverse action.  Title: Question Icon - Description: This icon prompts you to ask students a discussion question or to ask students if they have any questions before proceeding with instruction.  **ASK** the trainees to provide the key facts for contemporaneous notice and proposed adverse action.  While the trainees are providing the facts, the two trainees are writing the answers at the whiteboard.  **NOTE:** trainees will learn more about due process in a separate lesson. |
| Contemporaneous Notice  Send if all the following conditions are met:   * the beneficiary/fiduciary provides factual, unambiguous information or statements regarding updated net worth information * a termination of benefits is warranted for the excessive net worth * the person furnishing the information or statement must know, or be on notice, that such information will be used to calculate benefits | **DISPLAY** slide  “Contemporaneous Notice”  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REFER** trainees to **the following references:**   * M21-1 X.ii.3.C.1.a. (Definition: Contemporaneous Notice) * M21-1 X.ii.3.C.1.b (Information a Beneficiary Must Provide to Justify Sending a Contemporaneous Notice)   **SELECT** a trainee for each reference and have them read it aloud.  **EXPLAIN** that for a net worth adjustment a contemporaneous notice is sent to the claimant if **all** the following conditions are met:   * the beneficiary/fiduciary provides factual, unambiguous information or statements regarding updated income and assets as applicable * a termination of benefits is warranted for the excessive net worth * the person furnishing the information or statement must know, or be on notice, that such information will be used to calculate benefits |
| Contemporaneous Notice Example  **Scenario:** Veteran Donald Johnson has been receiving nonservice-connected pension since August 2013. On August 15, 2021, he submits a completed VA Form 21P-0516-1, Improved Pension Eligibility Verification Report (Veteran with No Children), indicating that his net worth has increased. His original application included his antique automobile appraised at $70,000. As of June 2021, the antique automobile is appraised at $115,000. Mr. Johnson’s total assets are $135,000, including $20,000 in a non-interest-bearing bank account. The Veteran’s IVAP is $10,000. | **DISPLAY** slide  “Contemporaneous Notice Example”  **SELECT one of the trainees to read the scenario aloud.**  Title: Question Icon - Description: This icon prompts you to ask students a discussion question or to ask students if they have any questions before proceeding with instruction.  **ASK** trainee the following questions:   * **What is the updated net worth information provided by Mr. Johnson?**   **What is the amended net worth?**  Assuming you determine to terminate benefits, on what date will benefits be terminated? |
| Contemporaneous Notice Example Answers   * **What is the updated net worth information provided by Mr. Johnson?**   **Appraisal for antique automobile increased to $115,000**  **What is the amended net worth?**  $145,000  Assuming you determine to terminate benefits, on what date will benefits be terminated?  January 1, 2022 | **DISPLAY** slide  “Contemporaneous Notice Example Answers”  **DISCUSS the answers to the questions with trainees. Focus on the following facts:**   * **Veteran’s appraisal for the antique automobile increased from $70,000 to $115,000** * **Veteran had submitted VA Form 21P-0516-1** * **The award is terminated on January 1, 2022 based on the amended net worth of $145,000** * **A contemporaneous notice is sent to the claimant**   **NOTE what would be the outcome of the Veteran’s August 2021 report if the total net worth was now under the updated bright line as of January 1, 2022.** |
| **Contemporaneous Notice Demo**  Title: Question Icon - Description: This icon prompts you to demonstrate a process or activity. | **DISPLAY** slide  “Contemporaneous Notice Demo”  **DIRECT trainees to access Appendix D.**  Title: Question Icon - Description: This icon prompts you to demonstrate a process or activity.  **DEMONSTRATE what a** contemporaneous notice **for the example (Veteran Donald Johnson) looks like. Focus on the information outlined in the letter.**  **POINT out the table under the section titled, Your Award Amount and Payment Change Date. Have one of the trainees read the contents of the table aloud.** |
| Development and Proposed Adverse Action  A proposed adverse action provides the beneficiary with the opportunity to provide additional evidence to contest the action. | **DISPLAY** slide  “Development and Proposed Adverse Action”  **EXPLAIN to trainees that when they develop for net worth purposes, they also need to inform the claimant of the proposed adverse action that could terminate benefits due to net worth being a bar.**  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REFER trainees to M21-1 I.i.1.B.1.b (Due Process and VA). Have one of the trainees read the reference aloud.**  **INFORM trainees that the claimant will have 60 days to respond to development letter with the proposed adverse action.** |
| ****Development and Proposed Adverse Action Example****  ****Scenario:**** David Smith is a World War II era Veteran with a running Veteran’s pension award. His original application show that he had no net worth to report. On May 18, 2021, he submits information explaining that he sold his primary residence on February 15, 2021. The Veteran also reports that he entered an assisted living facility on May 5, 2021, and submits a VA Form 21P-8416, Medical Expense Report, and a Care Expense Statement outlining his admission and the monthly rate he pays. The Veteran’s IVAP is $0. However, the Veteran did not provide the profit amount of the sale of his home. | **DISPLAY** slide  “Development and Proposed Adverse Action Example”  **SELECT one of the trainees to read the scenario aloud.**  Title: Question Icon - Description: This icon prompts you to ask students a discussion question or to ask students if they have any questions before proceeding with instruction.  **ASK** trainee the following questions:   * **What is the updated net worth information provided by Mr. Smith?**   **What is the amended net worth?**  Is a net worth determination required for the amended net worth? |
| **Development and Proposed Adverse Action Example Answers**   * What is the updated net worth information provided by Mr. Smith? * *Mr. Smith’s primary residence was sold so this is considered a conversion of assets* * What is the amended net worth? * *Unknown* * Is complete asset information required for the amended net worth? * *Yes, a development letter with a proposed adverse action will be sent to the claimant* | **DISPLAY** slide  “Development and Proposed Adverse Action Example Answers”  **DISCUSS the answers to the questions with trainees. Focus on the following facts:**   * **Mr. Smith’s primary residence was sold so this is considered a conversion of assets** * **Veteran entered an assisted living facility** * **VA Form 21P-8416 and Care Expense Statement was included but additional information about the sale of the home is still needed** * **A development letter with a proposed adverse action will be sent to the claimant**   **Note: The next slide will show the development letter with the proposed adverse action included.** |
| Development and Proposed Adverse Action Example Demo  Title: Question Icon - Description: This icon prompts you to demonstrate a process or activity. | **DISPLAY** slide  “Development and Proposed Adverse Action Example Demo”  **DIRECT** trainees to Appendix E.  Title: Question Icon - Description: This icon prompts you to demonstrate a process or activity.  **DEMONSTRATE what development with proposed adverse action for the example (Veteran** David Smith**) looks like. Focus on the proposed adverse action outlined in the letter.**  **POINT out to trainees the paragraph under the section title, “When And Where Do You Send The Information Or Evidence?” Have one of the trainees read this paragraph aloud.** |
| **Practice Exercise—Net Worth**   * Instructions:   + Divide into groups of three.   + Access Claim 2.   + Work as a group to:     - Calculate the amended net worth     - Answer the questions in Appendix B: Part B—Net Worth worksheet * Time allowed: 20 minutes | **DISPLAY** slide  “Practice Exercise—Net Worth”  **DIRECT** trainees to divide into groups of three.  **INFORM** trainees that they will be working with their group to determine if the Claim 2 requires net worth determination (administrative decision).  **DIRECT** trainees to:   * Access Claim 2 * Use calculator to determine the net worth * Answer the questions in Appendix B: Part B—Net Worth worksheet   **ALLOW** 20 minutes to complete the practice exercise. |
| **Practice Exercise—Develop Net Worth Answers**  *Answers provided by instructor based on example claim selected.* | **DISPLAY** slide  “Practice Exercise—Net Worth Answers”  **REVIEW** answers to practice exercise.  *Answers provided by instructor based on example claim selected.*  This icon prompts you to ask trainees a discussion question or to ask trainees if they have any questions before proceeding with instruction.  **ASK** trainees if they have any questions or concerns regarding net worth adjustments. Use this time to clear up any confusion or misconceptions about the information presented. |

| PowerPoint Slides | Instructor Activities |
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| Final Decision Notice Demo  Title: Question Icon - Description: This icon prompts you to demonstrate a process or activity. | **DISPLAY** slide  “Final Decision Notice Demo”  **DIRECT trainees to access Appendix F.**  Title: Question Icon - Description: This icon prompts you to demonstrate a process or activity.  **DEMONSTRATE what a** final decision notice **for the example (Veteran Bruce White) looks like. Focus on the information outlined in the letter.**  Title: Question Icon - Description: This icon prompts you to ask students a discussion question or to ask students if they have any questions before proceeding with instruction.  **ASK the trainees:**   * **What is the date the award should be terminated?**   **January 1, 2022**   * **What is the rationale for the termination date?**   **The sale of property was in August 2021, so the termination would be January 1, 2022.** |
| Termination of Benefits  Terminate the award the first of the year of the following calendar year. | **DISPLAY** slide  “Termination of Benefits”  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REFER** trainees to M21-1 IX.iii.1.J.1.r. (Discontinuance for Excessive Net Worth). Have one of the trainees read the references aloud.  **EXPLAIN** to trainees that an award is terminated for net worth if the amended net worth becomes excessive. If the net worth is excessive, then terminate the award the first of the year of the following calendar year. This is referred to as the end-of-the-year rule for the effective date.  Title: Reference Icon - Description: This icon indicates you should refer students to a document (e.g., a page in the Student Guide or a specific appendix)  **REFER** trainees to M21-1 IX.iii.1.J.1.t. (Example 1: Adjusting Veterans Pension Awards Based on Changes in Net Worth). Have one of the trainees read Situation 1 aloud.  Title: Question Icon - Description: This icon prompts you to ask students a discussion question or to ask students if they have any questions before proceeding with instruction.  **ASK** trainees to answer the following question:  On what date would you terminate the award for excessive net worth, if the claimant submits a claim on August 5, 2017?  The award will be terminated on January 1, 2018. |
| **Practice Exercise—Net Worth Determination**   * Instructions:   + Divide into pairs.   + Access Claim 3.   + Use Appendix B: Part C—Net Worth worksheet to show your work.   + Work as a group to:     - Calculate the amended net worth     - Determine the outcome for the amended net worth * Time allowed: 20 minutes | **DISPLAY** slide  “Practice Exercise—Net Worth Determination”  **DIRECT** trainees to divide into groups of two.  **INFORM** trainees that they will be working with their group to calculate the net worth based on Claim 3.  **DIRECT** trainees to:   * Access Claim 3 * Use calculator to determine the net worth * Use Appendix B: Part C—Net Worth worksheet to show their work * Determine which of the outcomes the amended net worth results in:   + **An update to amended net worth amount in VBMS-A**   + **A termination of benefits**   **ALLOW** 20 minutes to complete the practice exercise. |
| **Practice Exercise—Net Worth Determination Answers**  Answers provided by instructor based on example claim selected. | **DISPLAY** slide  “Practice Exercise—Net Worth Determination Answers”  **REVIEW** answers to practice exercise.  *Answers provided by instructor based on example claim selected.* |
| **Lesson Summary**   * Once the amended net worth has been calculated for a running award, then the award adjustment for net worth may result in one of the following two outcomes:   + **An update to amended net worth amount in VBMS-A**   + **A termination of benefits** | **DISPLAY** slide  “Lesson Summary”  **REVIEW** the key points of the lesson with a guided discussionusing the following key points:   * Once the amended net worth has been calculated for a running award, then the award adjustment for net worth may result in one of the following two outcomes:   + **An update to amended net worth amount in VBMS-A**   + **A termination of benefits** |
| ****Questions?****  This icon prompts you to ask trainees a discussion question or to ask trainees if they have any questions before proceeding with instruction. | **DISPLAY** slide  “Questions”  This icon prompts you to ask trainees a discussion question or to ask trainees if they have any questions before proceeding with instruction.  **ASK** trainees if they have any questions or concerns regarding net worth adjustments. Use this time to clear up any confusion or misconceptions about the information presented. |
| **What’s Next**   * Phase 5: Part 5a, Knowledge Check Preparation * Complete Determine Net Worth Adjustments Course Evaluation: **TMS ID: 4408488** | **DISPLAY** slide  “What’s Next”  **DISCUSS** the upcoming Phase 5: Part 5a Knowledge Check Preparation.  TELL trainees to be sure to complete the course evaluation: **TMS ID: 4408488** |