



PENSION AND FIDUCIARY SERVICE

PMC VSR Advanced Core Course
Phase 5: Stages of a Claim
Part 1: Determine Eligibility

Lesson 17: Determine Types of Income

Trainee Guide

October 28, 2016

Version 1.0

Lesson 17: Determine Types of Income
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Determine Types of Income

Lesson Overview

Topic	Description
Time Estimate:	2.5 hours
Purpose of the Lesson:	This lesson is part of the entry-level curriculum, Core Course for PMC VSRs. The purpose of this lesson is to prepare PMC VSRs to determine sources of income for a pension claimant.
Prerequisite Training Requirements:	Prior to taking the Determine Types of Income lesson, you must complete PMC VSR Core Course Phases 1–4 and Phase 5, Part 1, lessons 1–16. (Refer to the Master Course Map learning aid for a list of lessons.)
Target Audience:	This lesson is for entry-level PMC VSRs.

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Topic	Description
Lesson References:	<ul style="list-style-type: none"> • Master Course Map learning aid • Compensation and Pension Knowledge Management (CPKM) • VA Form 21-4138 (Statement in Support of Claim) • VA Form 21P-0571 (Application for Exclusion of Children’s Income) • M21-1 V.i.3.C.3 (Developing for Child Hardship Exclusion) • M21-1 V.iii.1.I (Improved Pension—Counting Specific Types of Income) <ul style="list-style-type: none"> ○ M21-1 V.iii.1.I.1 (Income Inclusions) ○ M21-1 V.iii.1.I.2 (Income Inclusions from Government Programs) ○ M21-1 V.iii.1.I.3 (Income Exclusions) ○ M21-1 V.iii.1.I.4 (Living/Home Income Exclusions) ○ M21-1 V.iii.1.I.5 (Disaster Income Exclusions) ○ M21-1 V.iii.1.I.6 (Death and Disability Income Exclusions) • M21-1 V.iii.1.A.2.d (Action to Take When SS Rate Reported by the Beneficiary is Different Than SS Rate in Share) • M21-1 V.iii.1.B.1.b (SS Benefits) • M21-1 V.iii.1.B.3 (Computing Monthly SSA and Medicare Benefits) • M21-1 V.iii.1.E.5.b (Types of Income) • M21-1 V.iii.1.E.5.c (Definition: Non-recurring Income) • M21-1 V.iii.1.E.5.d (Definition: Recurring Income) • M21-1 V.iii.1.E.5.e (Definition: Short-term Recurring Income) • M21-1 V.iii.1.E.5.f (Definition: Irregular Income) • M21-1 V.iii.1.E.6 (Counting Income for Department of Veterans Affairs Purposes) • M21-1 V.iii.1.F.2 (Counting the Income of Dependents) <ul style="list-style-type: none"> ○ M21-1 V.iii.1.F.2.b (Counting the Income of a Spouse) ○ M21-1 V.iii.1.F.2.d (Counting the Income of a Dependent Child)

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Topic	Description
Technical Competencies:	<ul style="list-style-type: none"> • Program Benefits and Eligibility (PMC VSR) • Income Counting and Net Worth • VBA Applications (PMC VSR)
Knowledge Check:	Phase 5: Stages of a Claim, Part 1(c): Income Eligibility Knowledge Check
Lesson Objectives:	<p>Determine the types of income for pension purposes.</p> <ul style="list-style-type: none"> • Define income for VA purposes. • Determine income inclusions. • Determine income exclusions. • Enter income into VBMS-A.
What You Need:	<ul style="list-style-type: none"> • Trainee Guide • Master Course Map learning aid • Access to VBA intranet • Access to VBMS-A User Guide • Access to CPKM • Access to VSR Assistant—Income / Net Worth Determination EPSS • Access to the following job aids from VSR Assistant: <ul style="list-style-type: none"> ○ Countable Income job aid ○ Income Classification and Counting Table job aid ○ Income and Net Worth Status job aid ○ Initial Year job aid ○ SSA Inquiry job aid

PowerPoint Slides	Notes
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PowerPoint Slides	Notes
<p>Lesson 17: Determine Types of Income</p>	
<p>You Are Here</p> <pre> graph TD P1[PHASE 5 PART 1 Determine Eligibility] --> P2[PHASE 5 PART 2 Process a Claim] P2 --> P3[PHASE 5 PART 3 Promulgate Non-Rating or Rating Decision] P3 --> P4[PHASE 5 PART 4 Prepare Decision Notice] P4 --> P5[PHASE 5 PART 5 Award Adjustments] P1 --> P1a[PHASE 5 PART 1a Initial Screening and Establish a Claim] P1a --> P1b[PHASE 5 PART 1b Basic Eligibility] P1b --> P1c[PHASE 5 PART 1c Income Eligibility] P1c --> P1d[PHASE 5 PART 1d Beyond Basic Eligibility and Ready to Rate] style P1 stroke:#0000FF,stroke-width:2px style P1c stroke:#0000FF,stroke-width:2px </pre>	
<p>Why It Matters!</p> <ul style="list-style-type: none"> • Establish Periods for Calculating Income • Determine Types of Income • Select Qualifying Expenses • Determine Income Status • Determine Net Worth Status 	
<p>Technical Competencies</p> <ul style="list-style-type: none"> • Program Benefits and Eligibility (PMC VSR) • Income Counting and Net Worth • VBA Applications (PMC VSR) 	

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PowerPoint Slides	Notes
<p>Lesson Objectives</p> <p>Determine the types of income for pension purposes.</p> <ul style="list-style-type: none"> • Define Income for VA Purposes (IVAP). • Determine income inclusions. • Determine income exclusions. • Enter income into VBMS-A. 	
<p>Knowledge Check</p> <pre> graph TD A[PHASE 5 PART 1a Initial Screening and Establishing a Claim] --> B{Phase 5 Part 1a Knowledge Check} A --> C[PHASE 5 PART 1b Basic Eligibility] C --> D{Phase 5 Part 1b Knowledge Check} C --> E[PHASE 5 PART 1c Income Eligibility] E --> F{Phase 5 Part 1c Knowledge Check} E --> G[PHASE 5 PART 1d Beyond Basic Eligibility and Ready to Rate] G --> H{Phase 5 Part 1d Knowledge Check} </pre>	
<p>Income and Net Worth EPSS</p> <p>VSR Assistant Income / Net Worth Determination EPSS</p>	


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PowerPoint Slides	Notes
<p>Income Overview</p> <ul style="list-style-type: none"> • What is IVAP? • Whose income is counted for pension claims? • Where is the income information indicated on the application? • What sources of income are inclusions or exclusions? • Why is countable income categorized into classification? 	
<p>Income for VA Purposes</p> <p>What is IVAP?</p>	
<p>Income for VA Purposes Answer</p> <p>What is IVAP?</p>	
<p>Income and Dependents</p> <p>Whose income is counted for pension claims?</p>	
<p>Income and Dependents Answer</p> <p>Whose income is counted for pension claims?</p>	
<p>Income Information on Application</p> 	

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PowerPoint Slides	Notes
<p>Sources of Income Overview</p> <ul style="list-style-type: none">• All income is countable for pension purposes unless it is specifically excluded.• Various sources of income can be divided into two categories:<ol style="list-style-type: none">1. Income inclusions2. Income exclusions	
<p>Income Inclusions</p> <p>Use the following references for income inclusions:</p> <ul style="list-style-type: none">• M21-1 V.iii.1.I.1 (Income Inclusions)• M21-1 V.iii.1.I.2 (Income Inclusions from Government Programs)• M21-1 V.iii.1.F.2.d (Counting the Income of Dependents)• 38 CFR 3.261 (Character of income; exclusions and estates)• Countable Income job aid	

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PowerPoint Slides	Notes
<p>Class Activity—Income Inclusions</p> <ul style="list-style-type: none"> • Instructions: <ul style="list-style-type: none"> ○ Use the following references: <ul style="list-style-type: none"> ▪ M21-1 V.iii.1.I.1-2; M21-1 V.iii.1.F.2.d ▪ 38 CFR 3.261 ▪ Countable Income job aid ○ Work as a class to provide examples of income inclusions. ○ Have a trainee record the answers on the whiteboard/flip chart. • Time allowed: 15–20 minutes 	
<p>Social Security Income</p> <ul style="list-style-type: none"> • Social Security is the type of income most often received by beneficiaries of VA income-based benefit programs. • Use the Social Security Administration (SSA) Inquiry to verify the gross amount of SS income. 	
<p>SSA Income in VVA</p> 	

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PowerPoint Slides	Notes
<p>Income Exclusions</p> <p>Some income types are not countable for pension purposes for the following reasons:</p> <ul style="list-style-type: none">• Not considered to be income under 38 CFR 3.271 (Computation of income)• Deemed to fall under one of the specific exclusions in 38 CFR 3.272 (Exclusions from income)• Excluded by federal statute	
<p>Class Activity—Income Exclusions</p> <ul style="list-style-type: none">• Instructions:<ul style="list-style-type: none">○ Use the following references:<ul style="list-style-type: none">▪ 38 CFR 3.272▪ M21-1 V.iii.1.I.3-6○ Work as a class to provide examples of income exclusions.○ Have a trainee record the answers on the whiteboard/flip chart.• Time allowed: 15–20 minutes	

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PowerPoint Slides	Notes
<p>Hardship Exclusion of Child's Income</p> <p>SCENARIO: The dependent child of Veteran Erik Anderson was recently granted Social Security benefits. Upon receipt of the SSA award letter, the Veteran submits a claim to the VA including:</p> <ul style="list-style-type: none">• VA Form 21P-0571 (Application for Exclusion of Children's Income)• VA Form 21-4138 (Statement in Support of Claim)• Copy of his child's SSA Award letter <p>The Veteran claims that counting his child's SSA income creates a financial hardship on him. The Veteran is requesting a hardship exclusion of this income.</p>	

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<p>Practice Exercise—Countable Income</p> <ul style="list-style-type: none">• Instructions:<ul style="list-style-type: none">○ Divide into groups of three.○ Review the Claim 2.○ Locate the effective date and payment date.○ Complete the Countable Income Worksheet using the Countable Income job aid and Claim 2.○ Be prepared to share your responses.• Time allowed: 20 minutes	

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Practice Exercise—Countable Income Worksheet

Effective Date:

Payment Date:

Countable Income	Recipient	Date	Amount

PowerPoint Slides	Notes
Practice Exercise—Countable Income Answers	

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<p>Income Classifications</p> <ul style="list-style-type: none"> • All income must generally be counted for at least 12 months. • The classifications explain <i>how to count</i> the income based on frequency. • There are four income classifications: <ol style="list-style-type: none"> 1. Non-recurring 2. Recurring 3. Short-term recurring 4. Irregular 	
<p>Non-recurring Income</p> <ul style="list-style-type: none"> • Non-recurring income is usually a one-time receipt of income. • There may be more than one receipt, but each receipt is a different occurrence. 	
<p>Recurring Income</p> <p>Recurring income is received on a regular basis in fixed amounts for 12 or more months.</p>	
<p>Short-term Recurring Income</p> <p>Short-term recurring income is recurring income that has not been counted on the VA award for at least 12 months.</p>	

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<p>Irregular Income</p> <ul style="list-style-type: none"> • Irregular income is received several times during a reporting period, but it arrives at irregular intervals or in irregular amounts. • Most common type of irregular income is annual interest income. 	
<p>Class Activity—Income Classifications</p> <ul style="list-style-type: none"> • Instructions: <ul style="list-style-type: none"> ○ Divide in four groups. ○ Use Income Classification and Counting Table job aid. ○ Each group will provide examples of their designated income classification. ○ Meet with your group to decide on examples. ○ Select a representative from each group to write the answers on the whiteboard/flip chart. • Time allowed: 25 minutes 	
<p>Class Activity—Income Classifications Answers</p>	

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<p>Pop Quiz—Income Classification</p> <ul style="list-style-type: none">• Instructions:<ul style="list-style-type: none">○ Use the Income Classification and Counting Table job aid○ Match the income type with the correct income classification on the Pop Quiz—Income Classification Worksheet in the trainee guide.○ Be prepared to share your responses.• Time allowed: 10–15 minutes	

Pop Quiz—Income Classification Worksheet

Choose the income classification that best fits each income type.

1. Lottery Winnings

- a. Non-recurring income
- b. Recurring income
- c. Short-term income
- d. Irregular income

2. Social Security

- a. Non-recurring income
- b. Recurring income
- c. Short-term income
- d. Irregular income

3. Wages from odd jobs

- a. Non-recurring income
- b. Recurring income
- c. Short-term income

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d. Irregular income

4. Interest at variable rates (\$75 for 2015; \$60 for 2016)

- a. Non-recurring income
- b. Recurring income
- c. Short-term income
- d. Irregular income

5. Wages from seasonal work (6 months)

- a. Non-recurring income
- b. Recurring income
- c. Short-term income
- d. Irregular income

6. Wages from regular employment

- a. Non-recurring income
- b. Recurring income
- c. Short-term income
- d. Irregular income

7. Retirement benefits

- a. Non-recurring income
- b. Recurring income
- c. Short-term income
- d. Irregular income

8. Life insurance for a Veteran's spouse



- a. Non-recurring income
- b. Recurring income
- c. Short-term income
- d. Irregular income

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<p>Pop Quiz—Income Classification Answers (1 of 2)</p> <ol style="list-style-type: none"> 1. Lottery Winnings 2. Social Security 3. Wages from odd jobs 4. Interest at variable rates (\$75 for 2015; \$60 for 2016) 	
<p>Pop Quiz—Income Classification Answers (2 of 2)</p> <ol style="list-style-type: none"> 5. Wages from seasonal work (6 months) 6. Wages from regular employment 7. Retirement benefits 8. Life insurance for a Veteran's spouse 	
<p>Annualized or Monthly Income Scenario: Veteran reported receiving monthly Black Lung benefits of \$300. The PMC VSR mistakenly enters the annualized amount ($\\$300 \times 12$) in VBMS-A with an input of \$3,600. The VBMS-A system automatically annualizes this field ($\\$3,600 \times 12$), resulting in \$43,200 for the Black Lung benefits. As a result, the income appears to be excessive.</p>	

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<p>Enter Countable Income into VBMS-A</p> <p>Access the VBMS-A User Guide; section 7.11.1.9.2 (Adding Financial Decisions Detail for an Effective Date Set) to view the process for entering income into the VBMS-A.</p> 	
<p>Practice Exercise—Enter Countable Income into VBMS-A</p> <ul style="list-style-type: none">• Instructions:<ul style="list-style-type: none">○ Work with a partner.○ Use the VBMS-A User Guide section 7.11.1.9.2○ Enter the remaining income types into the Financial Decisions Detail sub-page for the Claim 3 in academy mode of VBMS-A.○ Be prepared to share your finished exercise with other trainees.• Time allowed: 20 minutes	
<p>Questions?</p> 	

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<p>Lesson Summary</p> <ul style="list-style-type: none">• What is IVAP?• Whose income is counted for pension claims?• What income is countable?• What income is excluded?• Why is income categorized into classifications?	
<p>What's Next</p> <p>Phase 5, Part 1, 18: Select Qualifying Expenses</p>	