



## PENSION AND FIDUCIARY SERVICE

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

# **Lesson 20: Determine Net Worth Status**

Lesson Plan

October 28, 2016

Version 1.0

**Lesson 20: Determine Net Worth Status**  
**Lesson Plan**

**Determine Net Worth Status**

**Lesson Overview**

<b>Topic</b>	<b>Description</b>
Time Estimate:	3 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 calculate a claimant's net worth and to determine if net worth is a bar to benefits for the claimant.
Prerequisite Training Requirements:	Prior to taking the Determine Net Worth Status lesson, trainees must complete PMC VSR Core Course Phases 1–4, and Phase 5, Part 1, lessons 1–19. (Refer to the <b>Master Course Map</b> learning aid for a list of lessons.)
Target Audience:	This lesson is for entry-level PMC VSRs.

## **Lesson 20: Determine Net Worth Status**

### **Lesson Plan**

Topic	Description
Lesson References:	<ul style="list-style-type: none"> <li>• <b>Master Course Map</b> learning aid</li> <li>• Compensation and Pension Knowledge Management (CPKM)</li> <li>• VA Form 21-5427 (Corpus of Estate Determination)</li> <li>• VA Form 21p-8416 (Medical Expenses Report)</li> <li>• VA Form 21p-8049 (Request for Details of Expenses)</li> <li>• M21-1 V.i.3.A.1.c (Definition: Net Worth)</li> <li>• M21-1 V.iii.1.J.1.a (Impact of the Claimant's Net Worth on VA Benefits)</li> <li>• M21-1 V.iii.1.J.1.b (Net Worth Criteria)</li> <li>• M21-1 V.iii.1.J.1.g (Evaluating Net Worth)</li> <li>• M21-1 V.iii.1.J.1.h (Effect of Net Worth on Benefit Eligibility)</li> <li>• M21-1 V.iii.1.J.2.b (When to Consider the Spouse's Net Worth)</li> <li>• M21-1 V.iii.1.J.3.b (Criteria for Excessive Net Worth)</li> <li>• M21-1 V.iii.1.J.4.a (Excessive Net Worth as a Question of Fact)</li> <li>• M21-1 V.iii.1.J.4.e (Specific Exclusions From Net Worth)</li> <li>• M21-1 V.iii.1.J.4.f (Convertibility of Assets)</li> <li>• M21-1 V.iii.1.J.4.g (Example 1: Convertibility of Assets)</li> <li>• M21-1 V.iii.1.J.4.h (Example 2: Convertibility of Assets)</li> <li>• M21-1 V.iii.1.J.4.i (Example 3: Convertibility of Assets)</li> <li>• M21-1 V.iii.1.J.5.c (Excluding the Value of a Single-Family Dwelling)</li> <li>• M21-1 V.iii.1.J.6.a (Life Expectancy Table)</li> <li>• 38 CFR 3.263 (Corpus of estate; net worth)</li> <li>• 38 CFR 3.263 (b) (Corpus of Estate—Definition)</li> <li>• 38 CFR 3.274 (Relationship of net worth to pension entitlement)</li> <li>• 38 CFR 3.275 (Criteria for evaluating net worth)</li> <li>• <b>Claim Types</b> job aid</li> <li>• <b>Income and Net Worth Status</b> job aid</li> </ul>

## **Lesson 20: Determine Net Worth Status**

### **Lesson Plan**

<b>Topic</b>	<b>Description</b>
Technical Competencies:	<ul style="list-style-type: none"><li>• Program Benefits and Eligibility (PMC VSR)</li><li>• Income Counting and Net Worth</li><li>• VBA Applications (PMC VSR)</li></ul>
Knowledge Check:	Phase 5: Stages of a Claim, Part 1 (c)—Income Eligibility Knowledge Check
Lesson Objectives:	Determine net worth status. <ul style="list-style-type: none"><li>• Define net worth for VA purposes.</li><li>• Determine sources of net worth.</li><li>• Calculate net worth.</li><li>• Determine if net worth is a bar to benefits.</li></ul>

## Lesson 20: Determine Net Worth Status

### Lesson Plan

Topic	Description
What You Need:	<ul style="list-style-type: none"> <li>• Lesson Plan</li> <li>• <b>Master Course Map</b> learning aid</li> <li>• Slides</li> <li>• Projector</li> <li>• Whiteboard or flip chart with different color makers</li> <li>• Calculator</li> <li>• Access to VBA Intranet for VA Form search               <ul style="list-style-type: none"> <li>○ VA Form 21-5427 (Corpus of Estate Determination)</li> <li>○ VA Form 21p-8416 (Medical Expenses Report)</li> <li>○ VA Form 21p-8049 (Request for Details of Expenses)</li> </ul> </li> <li>• Access to CPKM</li> <li>• Access to VSR Assistant—Income/Net Worth Determination EPSS</li> <li>• Access to the following job aids from VSR Assistant:               <ul style="list-style-type: none"> <li>○ <b>Claim Types</b> job aid</li> <li>○ <b>Income and Net Worth Status</b> job aid</li> </ul> </li> <li>• Examples of VA forms applications used to determine net worth status</li> <li>• Claim 1 (pmc_vsr_case_10) on academy mode that includes income and medical expenses.</li> </ul>


### Instructor Notes

This lesson provides trainees with the information and references on how to determine the net worth status for pension claims using demonstrations, claim examples, and job aids.

PowerPoint Slides	Instructor Activities
<b>Lesson 20: Determine Net Worth Status</b>	<p><b>DISPLAY</b> slide</p> <p><b>1.</b> "Lesson 20: Determine Net Worth Status"</p> <p><b>INTRODUCE</b> yourself as the instructor.</p> <p><b>INTRODUCE</b> the lesson.</p>

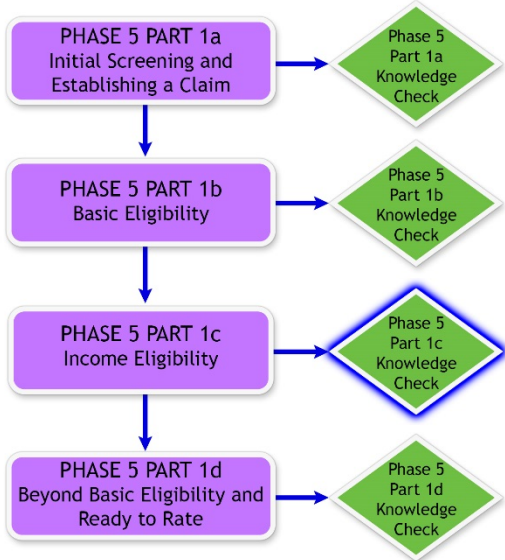

## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>You Are Here</b></p>	<p><b>DISPLAY</b> slide</p> <p>2. "You Are Here"</p>  <p><b>REFER</b> to the <b>Master Course Map</b> learning aid in the Trainee Guide.</p> <p><b>INFORM</b> trainees that Phase 5, Part 1: Determine Eligibility contains four subparts. Subpart 1c contains several lessons that focus on determining income eligibility.</p>
<p><b>Why It Matters!</b></p> <ul style="list-style-type: none"> <li>• Establish Periods for Calculating Income</li> <li>• Determine Types of Income</li> <li>• Select Qualifying Expenses</li> <li>• Determine Income Status</li> <li>• <b>Determine Net Worth Status</b></li> </ul>	<p><b>DISPLAY</b> slide</p> <p>3. "Why It Matters!"</p> <p><b>REMIN</b>D trainees that pension is an income-based program.</p> <p><b>CLARIFY</b> that PMC VSRs determine whether or not the claimant's financial resources are sufficient to meet his/her basic needs without assistance from VA. If a claimant's assets are large enough that the claimant could use these assets to pay living expenses for a reasonable period of time, net worth is considered a bar to pension benefits.</p> <p><b>INFORM</b> trainees that if income is enough to deny the claim, no net worth determination is required.</p> <p><b>REMIN</b>D trainees to use the <b>Income and Net Worth Status</b> job aid and the Income and Net Worth Determination EPSS on the VSR Assistant as references for the income and net worth eligibility process.</p>


## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Technical Competencies</b></p> <ul style="list-style-type: none"> <li>• Program Benefits and Eligibility (PMC VSR)</li> <li>• Processing Claims (PMC VSR)</li> <li>• VBA Applications (PMC VSR)</li> </ul>	<p><b>DISPLAY</b> slide</p> <p>4. “Technical Competencies”</p> <p><b>EXPLAIN</b> that this lesson prepares them for the program benefits and eligibility, processing claims, and VBA applications competencies.</p>
<p><b>Lesson Objectives</b></p> <p>Determine net worth status.</p> <ul style="list-style-type: none"> <li>• Define net worth for VA purposes.</li> <li>• Determine sources of net worth.</li> <li>• Calculate net worth.</li> <li>• Determine if net worth is a bar to benefits.</li> </ul>	<p><b>DISPLAY</b> slide</p> <p>5. “Lesson Objectives”</p> <p><b>PRESENT</b> the objectives for the lesson.</p>
<p><b>Knowledge Check</b></p> 	<p><b>DISPLAY</b> slide</p> <p>6. “Knowledge Check”</p> <p><b>INFORM</b> trainees that they will be assessed on this content in the Phase 5: Stages of a Claim, Part 1(c)—Income Eligibility Knowledge Check. The Knowledge Check will be given after this lesson.</p>  <p><b>REFER</b> to the <b>Master Course Map</b> learning aid, <i>Lessons by Phase</i> section, to review the lessons included within the Knowledge Check.</p>

## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Terminology</b></p> <p>Under the current-law pension program, new claims are broken down into to:</p> <ul style="list-style-type: none"><li>• Veterans pension (previously called live or disability pension)</li><li>• Survivors pension (previously called death pension)</li></ul>	<p><b>DISPLAY</b> slide</p> <p><b>7.</b> "Terminology"</p> <p><b>REMIN</b>D trainees that new claims fall under the current-law pension program. Under the current-law pension, it is broken down into to:</p> <ul style="list-style-type: none"><li>• Veterans pension (previously called live or disability pension)</li><li>• Survivors pension (previously called death pension)</li></ul> <p><b>CLARIFY</b> that the manual references used for net worth refer to current-law pension, which is inclusive of both Veterans and survivors pension.</p>  <p><b>REFER</b> to the <b>Claim Types</b> job aid for more information on the different type of claims.</p>
<p><b>Lesson Overview</b></p> <p>This lesson will consist of <b>three</b> parts:</p> <ol style="list-style-type: none"><li>1. Determining what sources of net worth are included as countable for VA purposes</li><li>2. Calculating net worth</li><li>3. Determining if net worth is a bar to pension benefits</li></ol>	<p><b>DISPLAY</b> slide</p> <p><b>8.</b> "Lesson Overview"</p> <p><b>INFORM</b> trainees that this lesson will consist of three parts:</p> <ol style="list-style-type: none"><li>1. Determining what sources of net worth are included as countable for VA purposes</li><li>2. Calculating net worth</li><li>3. Determining if net worth is a bar to pension benefits</li></ol>





## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Net Worth Overview</b></p> <ul style="list-style-type: none"><li>• What is net worth for VA purposes?</li><li>• Whose net worth is counted for pension claims?</li><li>• Where is the net worth information indicated on the various VA forms used for pension claims?</li></ul>	<p><b>DISPLAY</b> slide 9. "Net Worth Overview"</p> <p><b>EXPLAIN</b> that before determining what net worth is countable, it is important to understand:</p> <ul style="list-style-type: none"><li>• What net worth is for VA purposes</li><li>• Whose net worth is counted for pension claims</li><li>• Where the net worth information is indicated on the various VA forms used for pension claims</li></ul> <p><b>NOTE:</b> these bullets will be discussed in the next slides.</p>




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PowerPoint Slides	Instructor Activities
<p><b>Net Worth for VA Purposes</b></p> <p>Net worth for VA purposes includes all personal property owned by the claimant, <b>except</b> for personal effects suitable to the claimant's reasonable mode of life</p>	<p><b>DISPLAY</b> slide</p> <p><b>10.</b> "Net Worth for VA Purposes"</p> <p><b>SELECT</b> one or more of the trainees to answer the following question: What is net worth for VA purposes?</p> <ul style="list-style-type: none"><li><i>Net worth for VA purposes includes all personal property owned by the claimant, <b>except</b> for personal effects suitable to the claimant's reasonable mode of life</i></li></ul> <p></p> <p><b>REFER</b> to M21-1 V.iii.1.J.1.b (Net Worth Criteria). Have one of them read the reference aloud.</p> <p></p> <p><b>REFER</b> to 38 CFR 3.263 (b) (Corpus of Estate—Definition). Have one of them read the reference aloud.</p> <p><b>EXPLAIN</b> that for VA purposes, net worth is commonly associated with corpus of estate.</p> <p><b>NOTE:</b> net worth inclusions and exclusions will be discussed later in this lesson.</p>




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PowerPoint Slides	Instructor Activities
<p><b>Net Worth and Dependents</b></p> <ul style="list-style-type: none"><li>• Net worth of Veteran's spouse is a factor in:<ul style="list-style-type: none"><li>◦ Veterans pension claims</li><li>◦ Survivors pension claims</li></ul></li><li>• Net worth of the child of a Veteran or surviving spouse can also be a factor</li><li>• Net worth is <b>not</b> a factor in DIC claims</li></ul>	<p><b>DISPLAY</b> slide</p> <p><b>11.</b> "Net Worth and Dependents"</p> <p><b>EXPLAIN</b> that the existence of dependents and the amount of their net worth is a factor in determining entitlement in both Veterans pension and survivors pension claims.</p>  <p><b>REFER</b> to M21-1 V.iii.1.J.2.b (When to Consider the Spouse's Net Worth) and have one of them read the reference aloud.</p> <p><b>DISCUSS</b> the net worth and dependents. Use the following key points to guide your discussion:</p> <ul style="list-style-type: none"><li>• Net worth of Veteran's spouse is a factor in:<ul style="list-style-type: none"><li>◦ Veterans pension claims</li><li>◦ Survivors pension claims</li></ul></li><li>• Net worth of the child of a Veteran or surviving spouse can also be a factor</li><li>• Net worth is <b>not</b> a factor in DIC claims</li></ul>
<p><b>Net Worth Information on VA Forms</b></p> 	<p><b>DISPLAY</b> slide</p> <p><b>12.</b> "Net Worth Information on VA Forms"</p>  <p><b>DEMONSTRATE</b> an example VA forms where the net worth information will be indicated.</p> <p><b>NOTE:</b> Only focus on where the net worth is indicated. The sources will be discussed later in the next slides.</p>



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PowerPoint Slides	Instructor Activities
<p><b>Sources of Net Worth</b></p> <p style="text-align: center;">Net Worth</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Net Worth Inclusions</p>  </div> <div style="text-align: center;"> <p>Net Worth Exclusions</p>  </div> </div>	<p><b>DISPLAY</b> slide</p> <p><b>13.</b> "Sources of Net Worth"</p> <p><b>REMIN</b>D trainees that when determining income for VA purposes there are income types that are countable and excluded.</p> <p><b>INFORM</b> trainees that this is the same for net worth. There are certain items that are included as sources of net worth and others that are excluded from consideration as net worth.</p> <div style="text-align: center;">  </div> <p><b>REFER</b> to M21-1 V.iii.1.J.1.b (Net Worth Criteria). Have one of them read the second through fourth paragraphs.</p> <p><b>DISCUSS</b> the differences between household objects and possession and personal property. Use your own personal experiences to lead the discussion.</p>
<p><b>Net Worth Inclusions</b></p> <ul style="list-style-type: none"> <li>• Examples of assets: <ul style="list-style-type: none"> <li>○ Real estate (not including primary residence)</li> <li>○ Retirement</li> <li>○ Stocks</li> <li>○ Bonds</li> <li>○ Bank deposits</li> </ul> </li> <li>• Investment examples can include the following: <ul style="list-style-type: none"> <li>○ Antique automobiles</li> <li>○ Coin collections</li> <li>○ Other personal property</li> </ul> </li> </ul>	<p><b>DISPLAY</b> slide</p> <p><b>14.</b> "Net Worth Inclusions"</p> <p><b>CHOOSE</b> two or more of the net worth sources that you are most familiar with and lead a discussion using the following key points:</p> <ul style="list-style-type: none"> <li>• Assets that are countable as net worth</li> <li>• Personal belongings owned primarily as investments that are included as net worth</li> </ul>

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PowerPoint Slides	Instructor Activities
<p><b>Net Worth Exclusions</b></p> <ul style="list-style-type: none"> <li>• Personal belongings that are appropriate to the claimant's <b>reasonable mode of life</b> are excluded from net worth calculations for VA purposes.</li> <li>• Examples of excluded belongings: <ul style="list-style-type: none"> <li>○ The claimant's home</li> <li>○ Normal household objects and possessions</li> <li>○ Motor vehicles used for family transportation</li> </ul> </li> </ul>	<p><b>DISPLAY</b> slide</p> <p><b>15.</b> "Net Worth Exclusions"</p>  <p><b>REFER</b> to 38 CFR 3.275 (Criteria for evaluating net worth).</p> <p><b>SELECT</b> several trainees to read the various net worth exclusions from 38 CFR 3.275 aloud.</p>  <p><b>REFER</b> to M21-1 V.iii.1.J.4.e (Specific Exclusions From Net Worth).</p> <p><b>DISCUSS</b> net worth exclusion. Use the following examples to guide your discussion:</p> <ul style="list-style-type: none"> <li>• Personal belongings that are appropriate to the claimant's <b>reasonable mode of life</b> are excluded from net worth calculations for VA purposes. <ul style="list-style-type: none"> <li>○ <b>SELECT</b> one or more of the trainees to define what "reasonable mode of life" means in his/her own words.</li> </ul> </li> <li>• Examples of excluded belongings: <ul style="list-style-type: none"> <li>○ The claimant's home</li> <li>○ Normal household objects and possessions</li> <li>○ Motor vehicles used for family transportation</li> </ul> </li> </ul>

PowerPoint Slides	Instructor Activities
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<p><b>Net Worth Example</b></p> <p><b>Scenario:</b> Robert Darcy owns a duplex with a current market value of \$300,000 and occupies half of the duplex. The claimant owes \$100,000 on the mortgage on the property. The claimant owns:</p> <ul style="list-style-type: none"><li>• Clothing and personal articles worth about \$5,000</li><li>• Car (primary means of transportation) worth \$10,000</li><li>• Television set worth \$700</li><li>• Furniture worth \$2,000</li></ul>	<p><b>DISPLAY</b> slide <b>16.</b> "Net Worth Example"</p> <p><b>EXPLAIN</b> that determining net worth involves comparing the claimant's net worth inclusions and exclusions.</p> <p><b>DIRECT</b> one of the trainees to read the net worth example scenario aloud.</p> <ul style="list-style-type: none"><li>• <b>Scenario:</b> Robert Darcy owns a duplex with a current market value of \$300,000 and occupies half of the duplex. The claimant owes \$100,000 on the mortgage on the property. The claimant owns:<ul style="list-style-type: none"><li>○ Clothing and personal articles worth about \$5,000</li><li>○ Car (primary means of transportation) worth \$10,000</li><li>○ Television set worth \$700</li><li>○ Furniture worth \$2,000</li></ul></li></ul> <p><b>SELECT</b> one of the trainees to go to the whiteboard/flip chart to perform the calculation for the net worth.</p> <p><b>TELL</b> the trainee to create two columns, one for net worth exclusions and the other for net worth inclusions.</p> <p><b>ASK</b> the class what information would fit in the different columns based on the example. As the class provides answers, the trainee should record on the whiteboard/flip chart.</p>



## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Net Worth Example Answers (1 of 2)</b></p> <p><u>Net Worth Exclusions</u></p> <ul style="list-style-type: none"> <li>• \$150,000 of the market value of the duplex (half is claimant's home)</li> <li>• Personal effects such as:               <ul style="list-style-type: none"> <li>○ Clothing and personal articles</li> <li>○ Car</li> <li>○ Television set</li> <li>○ Furniture</li> </ul> </li> </ul> <p><u>Net Worth Inclusions</u></p> <ul style="list-style-type: none"> <li>• Other \$150,000 of the market value of the duplex</li> </ul>	<p><b>DISPLAY</b> slide 17. "Net Worth Example Answers (1 of 2)"</p> <p><b>PROVIDE</b> the class with answers for the net worth exclusions and inclusions.</p> <ul style="list-style-type: none"> <li>• Exclude the \$150,000 of the market value of the duplex because half of it is the claimant's home</li> <li>• Exclude the value of the claimant's personal effects, such as:               <ul style="list-style-type: none"> <li>○ Clothing and personal articles</li> <li>○ Car</li> <li>○ Television set</li> <li>○ Furniture</li> </ul> </li> </ul> <p><b>ASK</b> the class: What would be the total net worth?</p> <p><b>REMINDE</b> trainees that there is a mortgage on the duplex of \$100,000 that also needs to be taken into consideration.</p> <p><b>SELECT</b> another trainee to come up to the whiteboard/flip chart to calculate the total for net worth and show work on the whiteboard/flip chart.</p>
<p><b>Net Worth Example Answers (2 of 2)</b></p> <p>What is the total net worth?</p> <ul style="list-style-type: none"> <li>• Reduce the remaining \$150,000 of the value of the duplex by the \$100,000 mortgage</li> <li>• Total net worth is \$50,000 in real property</li> </ul>	<p><b>DISPLAY</b> slide 18. "Net Worth Example Answers (2 of 2)"</p> <p><b>PROVIDE</b> the answers to the total net worth:</p> <ul style="list-style-type: none"> <li>• Reduce the remaining \$150,000 of the value of the duplex by the \$100,000 mortgage</li> <li>• Total net worth is \$50,000 in real property</li> </ul>

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### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Practice Exercise—Calculate Net Worth</b></p> <ul style="list-style-type: none"><li>• Instructions:<ul style="list-style-type: none"><li>○ Divide into pairs.</li><li>○ Review the Claim 1 and the net worth section of the application.</li><li>○ Using your calculator add the sum for each row and calculate the total net worth.</li><li>○ Write your answers in the Practice Exercise: Net Worth Worksheet of the trainee guide.</li><li>○ Be prepared to share your responses.</li></ul></li><li>• Time allowed: 20 minutes</li></ul>	<p><b>DISPLAY</b> slide <b>19. "Practice Exercise—Calculate Net Worth"</b></p> <p><b>DIRECT</b> trainees to divide into groups of two.</p>  <p><b>REFER</b> trainees to the Claim 1 created in VVA and have them access the application via the e-folder.</p> <p><b>NOTE:</b> Claim 1 is the same from the Determine Income Status lesson.</p>  <p><b>REFER</b> to the Practice Exercise: Net Worth Worksheet of the trainee guide.</p> <p><b>DIRECT</b> the groups to:</p> <ul style="list-style-type: none"><li>• Review the VA Form</li><li>• Calculate the sum of each row</li><li>• Total the amount of net worth</li><li>• Record their responses and rationale on the worksheet</li></ul> <p><b>ALLOW</b> 20 minutes to complete the practice exercise.</p> <p><i>Answers provided by instructor based on the information provided in the example claim.</i></p> <p><b>NOTE:</b> the net worth calculated should be slightly over \$80,000 in order to prepare VA Form 21-5427.</p>



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#### Practice Exercise: Net Worth Worksheet

Source	Total Calculated
Cash, non-interest bearing bank accounts	<i>Answers provided by instructor based on the information provided in the example claim.</i>
Interest bearing bank accounts, certificates of deposit (CDs)	<i>Answers provided by instructor based on the information provided in the example claim.</i>
Retirement accounts (IRAs, Keogh Plans, etc.)	<i>Answers provided by instructor based on the information provided in the example claim.</i>
Stocks, bonds, and mutual funds	<i>Answers provided by instructor based on the information provided in the example claim.</i>
Value of business assets	<i>Answers provided by instructor based on the information provided in the example claim.</i>
Real property	<i>Answers provided by instructor based on the information provided in the example claim.</i>
<b>Total Net Worth</b>	<i>Answers provided by instructor based on the information provided in the example claim.</i>

PowerPoint Slides

Instructor Activities



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PowerPoint Slides	Instructor Activities
<p><b>Is Net Worth a Factor?</b></p> <ul style="list-style-type: none"><li>• After net worth is totaled, decide if amount is:<ul style="list-style-type: none"><li>○ Within the limits</li><li>○ Excessive (over \$80,000)</li></ul></li><li>• If net worth is \$80,000 or more, a net worth determination is required.</li><li>• A net worth of \$80,000 or more is <b>not</b> an automatic bar to benefits.</li></ul>	<p><b>DISPLAY</b> slide <b>20.</b> "Is Net Worth a Factor?"</p> <p><b>EXPLAIN</b> that once the net worth is totaled, then a decision is made whether the net worth is within the limits or is excessive.</p> <p><b>CLARIFY</b> that if net worth is within limits, then the net worth has been determined. Proceed to enter net worth information in the VBMS-A.</p> <p><b>NOTE:</b> net worth over \$80,000 is considered excessive, but this amount may change in the future. In addition, if net worth is \$80,000 or more; a net worth determination is required. However, a net worth of \$80,000 or more is <b>not</b> an automatic bar to benefits.</p>



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### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Net Worth Is Excessive</b></p> <p>Factors to consider include:</p> <ul style="list-style-type: none"><li>• Total income</li><li>• Family expenses</li><li>• Claimant's life expectancy</li><li>• Convertibility of assets into cash</li></ul>	<p><b>DISPLAY</b> slide <b>21.</b> "Net Worth Is Excessive"</p> <p><b>REMINDE</b> trainees that if net worth is excessive, then a formal administrative decision needs to be prepared. They previously learned about the administrative decision-making process.</p> <p>The administrative decision involves making a net worth determination. Net worth determination involves taking other factors into consideration to decide whether the net worth is a bar to benefits.</p>  <p><b>REFER</b> to M21-1 V.iii.1.J.4.a (Excessive Net Worth as a Question of Fact). Have one of them read the first paragraph aloud.</p> <p><b>EXPLAIN</b> that the number of variables must be taken into consideration when making a net worth determination. Factors to consider include:</p> <ul style="list-style-type: none"><li>• Total income</li><li>• Family expenses</li><li>• Claimant's life expectancy</li><li>• Convertibility of assets into cash</li></ul> <p><b>NOTE:</b> these bullet items will be discussed in the next slides and will relate to VA Form 21-5427.</p>  <p><b>EMPHASIZE</b> that it is PMC VSRs' duty to assist the claimant, so it is important to consider <b>all</b> factors before making a final net worth determination.</p>


## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Preparing the Corpus of Estate Determination</b></p> <p>Prepare the corpus of estate determination by completing the following steps:</p> <ol style="list-style-type: none"><li>1. Calculate total assets.</li><li>2. Calculate monthly income.</li><li>3. Calculate monthly expenses.</li><li>4. Determine claimant's life expectancy.</li><li>5. Write the explanation of facts.</li><li>6. Calculate time to exhaust net worth in months.</li><li>7. Calculate time to exhaust net worth in years.</li><li>8. Compare years of funds to life expectancy.</li></ol>	<p><b>DISPLAY</b> slide 22. "Preparing the Corpus of Estate Determination"</p> <p><b>EXPLAIN</b> that a corpus of estate determination must be prepared to determine if net worth is a bar.</p> <p></p> <p><b>REFER</b> to VA Forms search to find VA Form 21-5427 (Corpus of Estate Determination). Give them two or three minutes to thoroughly review the form.</p> <p></p> <p><b>EMPHASIZE</b> that this form will be used throughout the remainder of the lesson, so they need to keep the form open for quick reference.</p> <p><b>INFORM</b> trainees that preparing the corpus of estate determination involves completing the following steps:</p> <ol style="list-style-type: none"><li>1. Calculate total assets.</li><li>2. Calculate monthly income.</li><li>3. Calculate monthly expenses.</li><li>4. Determine claimant's life expectancy.</li><li>5. Write the explanation of facts.</li><li>6. Calculate time to exhaust net worth in months.</li><li>7. Calculate time to exhaust net worth in years.</li><li>8. Compare years of funds to life expectancy.</li></ol> <p><b>NOTE:</b> you will be assisting the trainees in preparing VA Form 21-5427. This will be done for the slides for the rest of lesson.</p>


## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Calculate Total Assets</b></p> <p>VA Form 21-5427 field 9 (Assets)</p>	<p><b>DISPLAY</b> slide</p> <p><b>23.</b> "Calculate Total Assets"</p> <p><b>TRANSITION</b> to the first step of net worth determination: calculating total assets.</p>  <p><b>REFER</b> trainees to field 9 (Assets) of VA Form 21-5427.</p> <p><b>REMINDE</b> trainees that calculating total assets is the same as calculating the net worth, which was performed earlier in this lesson. The information gathered from the previous practice exercise will be applied to the VA Form.</p>


## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Practice Exercise—Calculate Total Assets</b></p> <ul style="list-style-type: none"> <li>• Instructions:           <ul style="list-style-type: none"> <li>○ Divide into pairs.</li> <li>○ Access the following items:               <ul style="list-style-type: none"> <li>▪ VA Form 21-5427</li> <li>▪ Application via e-folder</li> <li>▪ Practice Exercise: Net Worth Worksheet</li> </ul> </li> <li>○ Use the application complete the identifying information for the following fields of VA Form 21-5427:               <ul style="list-style-type: none"> <li>▪ 1–5</li> <li>▪ 8 (Persons Depending on Claimant for Support)</li> </ul> </li> <li>○ Use the Practice Exercise: Net Worth Worksheet to complete the following filed of VA Form 21-5427:               <ul style="list-style-type: none"> <li>▪ 9 (Assets)</li> </ul> </li> </ul> </li> <li>• Time allowed: 10 minutes</li> </ul>	<p><b>DISPLAY</b> slide  <b>24.</b> “Practice Exercise—Calculate Total Assets”</p> <p><b>DIRECT</b> trainees to divide into groups of two.</p> <div style="text-align: center;">  </div> <p><b>REFER</b> to the Claim 1 used for the earlier practice exercise.</p> <p><b>TELL</b> them to access the following items:</p> <ul style="list-style-type: none"> <li>• VA Form 21-5427</li> <li>• Application via the e-folder</li> <li>• Practice Exercise: Net Worth Worksheet</li> </ul> <p><b>DIRECT</b> trainees to use the application and worksheet to complete the identifying information and list the assets on the following fields of VA Form 21-5427:</p> <ul style="list-style-type: none"> <li>• 1–5, skip 6 and 7 (Facts)</li> <li>• 8 (Persons Depending on Claimant for Support)</li> <li>• 9 (Assets)</li> </ul> <p><b>REMINDE</b> them that they will be coming back to life expectancy field later in the lesson.</p> <p><b>ALLOW</b> 10 minutes to complete all the fields.</p> <p><b>NOTE:</b> trainees will be working within their groups for the rest of this lesson to learn the process for preparing the corpus of estate determination using similar exercises.</p> <p><b>INFORM</b> trainees that they will remain in their groups and work together to complete the rest of the corpus of estate determination.</p>

## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Practice Exercise—Calculate Total Assets Answer</b></p> <p>What is the total amount of estate from VA Form 21-5427?</p> <ul style="list-style-type: none"> <li><i>Answer provided by instructor based on the information provided in the example claim.</i></li> </ul>	<p><b>DISPLAY</b> slide</p> <p><b>25.</b> "Practice Exercise—Calculate Total Assets Answer"</p> <p><b>REMIND</b> trainees that evaluating net worth is used to determine whether or not the claimant's financial resources are sufficient to meet the claimant's basic needs without assistance from VA.</p> <p><b>SELECT</b> one or more trainees to provide the total amount of estate from line 6, field 9 on VA Form 21-5427.</p> <ul style="list-style-type: none"> <li><i>Answer provided by instructor based on the information provided in the example claim.</i></li> </ul>
<p><b>Calculate Total Income</b></p> <p>VA Form 21-5427 field 10 (Monthly Income)</p>	<p><b>DISPLAY</b> slide</p> <p><b>26.</b> "Calculate Monthly Income"</p> <p><b>TRANSITION</b> to the second step of net worth determination: calculating total income.</p>  <p><b>REFER to</b> field 10 (Monthly Income).</p> <p><b>EXPLAIN</b> that calculating income is an essential part of determining income status.</p> <p><b>REMIND</b> trainees that if income is over the limit, then no net worth determination is required.</p>

**Lesson 20: Determine Net Worth Status**




**Lesson Plan**

PowerPoint Slides	Instructor Activities
<p><b>Practice Exercise—Calculate Monthly Income</b></p> <ul style="list-style-type: none"> <li>• Instructions:               <ul style="list-style-type: none"> <li>○ Access the following items:                   <ul style="list-style-type: none"> <li>▪ VA Form 21-5427</li> <li>▪ Application via e-folder</li> </ul> </li> <li>○ Complete field 10 (Monthly Income) of VA Form 21-5427 using the application.</li> </ul> </li> <li>• Time allowed: 7–10 minutes</li> </ul>	<p><b>DISPLAY</b> slide  <b>27.</b> “Practice Exercise—Calculate Monthly Income”</p> <p><b>TELL</b> them to access the following items in the Claim 1:</p> <ul style="list-style-type: none"> <li>• VA Form 21-5427</li> <li>• Application via the e-folder</li> </ul> <p><b>DIRECT</b> trainees to use the application to complete the field 10 (Monthly Income) of VA Form 21-5427:</p> <ul style="list-style-type: none"> <li>• Have them enter all the income information in the line items.</li> <li>• Calculate the total income.</li> </ul> <p><b>ALLOW</b> 7–10 minutes to complete all the fields.</p>
<p><b>Practice Exercise—Calculate Monthly Income Answer</b></p> <p>What is the total income?</p> <ul style="list-style-type: none"> <li>• <i>Answer provided by instructor based on the information provided in the example claim.</i></li> </ul>	<p><b>DISPLAY</b> slide  <b>28.</b> “Practice Exercise—Calculate Monthly Income Answer”</p> <p><b>SELECT</b> one or two trainees to provide the total income from line item 8, field 10 of VA Form 21-5427.</p> <ul style="list-style-type: none"> <li>• <i>Answer provided by instructor based on the information provided in the example claim.</i></li> </ul>




## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Calculating Monthly Expenses (1 of 2)</b></p> <p>The following monthly expense categories should be completed on VA Form 21p-8049 (Request for Details of Expenses):</p> <ul style="list-style-type: none"><li>• Housing</li><li>• Food</li><li>• Taxes</li><li>• Interest</li><li>• Clothing</li><li>• Utilities</li><li>• Education of children</li><li>• Nonrecurring expenses</li></ul>	<p><b>DISPLAY</b> slide</p> <p><b>29.</b> "Calculating Monthly Expenses (1 of 2)"</p> <p><b>TRANSITION</b> to the third step of net worth determination: calculating monthly expenses.</p> <p></p> <p><b>REFER</b> them to field 11 (Monthly Expenses) of VA Form 21-5427.</p> <p><b>EXPLAIN</b> that unlike the fields on VA Form 21-5427, an additional form is used to complete field 11.</p> <p></p> <p><b>REFER</b> them to VA Form search to access VA Form 21p-8049 (Request for Details of Expenses). Give them two minutes to look over the form.</p> <p><b>DISCUSS</b> the different categories of VA Form 21p-8049. Emphasize that nonrecurring expenses include:</p> <ul style="list-style-type: none"><li>• Hospital and medical expenses</li><li>• Final expenses</li><li>• Unsecured debts such as:<ul style="list-style-type: none"><li>○ Credit cards</li><li>○ Signature loans</li></ul></li></ul> <p></p> <p><b>EMPHASIZE</b> that if VA Form 21p-8049 is not in the e-folder, then they will develop for this form.</p> <p><b>NOTE:</b> the trainees will learn how to develop for VA Form 21p-8049 later in the course.</p>



## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Calculating Monthly Expenses (2 of 2)</b></p> <p>Medical expenses may be completed with evidence of record based upon reports on VA Form 21p-8416 (Medical Expenses Report)</p>	<p><b>DISPLAY</b> slide  <b>30.</b> "Calculating Monthly Expenses (2 of 2)"</p> <p><b>DIRECT</b> trainees to review field 11, line item 5 (medical expenses).</p> <p><b>EXPLAIN</b> that in addition to VA Form 21p-8049, medical expenses may be completed with evidence of record based upon reports on VA Form 21p-8416 (Medical Expenses Report).</p> <div style="text-align: center;">  </div> <p><b>REFER</b> trainees to VA Form search and have the locate VA Form 21p-8416.</p> <p><b>REMIND</b> trainees that learned about VA Form 21p-8416 in the Qualifying Expenses lesson.</p>
<p><b>Practice Exercise—Calculate Monthly Expenses</b></p> <ul style="list-style-type: none"> <li>• Instructions: <ul style="list-style-type: none"> <li>○ Access the following items: <ul style="list-style-type: none"> <li>▪ VA Form 21-5427</li> <li>▪ VA Form 21p-8049</li> <li>▪ VA Form 21p-8416</li> <li>▪ Application via e-folder</li> </ul> </li> <li>○ Complete field 11 (Monthly Expenses) of VA Form 21-5427 using VA Form 21p-8049 and VA Form 21p-8416 (if necessary).</li> </ul> </li> <li>• Time allowed: 7–10 minutes</li> </ul>	<p><b>DISPLAY</b> slide  <b>31.</b> "Practice Exercise—Calculate Monthly Expenses"</p> <p><b>TELL</b> trainees to access the following items:</p> <ul style="list-style-type: none"> <li>• VA Form 21-5427</li> <li>• VA Form 21p-8049</li> <li>• VA Form 21p-8416</li> <li>• Application via the e-folder</li> </ul> <p><b>DIRECT</b> trainees to use VA Form 21p-8049 and VA Form 21p-8416 (if necessary) to complete field 11 (Monthly Expenses) of VA Form 21-5427:</p> <ul style="list-style-type: none"> <li>• Enter the expense information in the line items</li> <li>• Calculate the total expenses</li> </ul> <p><b>ALLOW</b> 7–10 minutes to complete all the fields.</p>

## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Practice Exercise—Calculate Monthly Expenses Answer</b></p> <p>What are the total expenses?</p> <ul style="list-style-type: none"> <li><i>Answer provided by instructor based on the information provided in the example claim.</i></li> </ul>	<p><b>DISPLAY</b> slide</p> <p><b>32.</b> "Practice Exercise—Calculate Monthly Expenses Answer"</p> <p><b>SELECT</b> one or two trainees to provide the total expenses from line item 8, field 11 of VA Form 21-5427.</p> <ul style="list-style-type: none"> <li><i>Answer provided by instructor based on the information provided in the example claim.</i></li> </ul>
<p><b>Determine Claimant's Life Expectancy</b></p> <p>VA Form 21-5427 field 6 (Claimant's Life Expectancy)</p>	<p><b>DISPLAY</b> slide</p> <p><b>33.</b> "Determine Claimant's Life Expectancy"</p> <p><b>TRANSITION</b> to the fourth step of net worth determination: determine claimant's life expectancy.</p>  <p><b>REFER</b> to field 6 (Claimant's Life Expectancy) of VA Form 21-5427.</p> <p><b>SELECT</b> one or two trainees to explain what life expectancy is in their own words.</p> <p><b>EXPLAIN</b> that life expectancy is the number of years the claimant is expected to live. This is estimated based on the age of the claimant.</p>  <p><b>REFER</b> to M21-1 V.iii.1.J.6.a (Life Expectancy Table).</p>

## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Activity—Life Expectancy</b></p> <ul style="list-style-type: none"> <li>• Instructions:           <ul style="list-style-type: none"> <li>○ Using the life expectancy table, find the life expectancy for the claimant’s age:               <ul style="list-style-type: none"> <li>▪ Age 76</li> <li>▪ Age 53</li> <li>▪ Age 84</li> <li>▪ Age 62</li> </ul> </li> </ul> </li> <li>• Time allowed: 5 minutes</li> </ul>	<p><b>DISPLAY</b> slide  <b>34. “Activity—Life Expectancy”</b></p> <p><b>DIRECT</b> trainees to find the life expectancy for the following ages of claimants using the life expectancy table:</p> <ul style="list-style-type: none"> <li>• Age 76</li> <li>• Age 53</li> <li>• Age 84</li> <li>• Age 62</li> </ul> <p><b>ALLOW</b> 5 minutes to complete this activity.</p>
<p><b>Activity—Life Expectancy Answers</b></p> <p><i>Using the life expectancy table, find the life expectancy for the claimant’s age:</i></p> <ul style="list-style-type: none"> <li>• Age 76: 9.9 years</li> <li>• Age 53: 25.3 years</li> <li>• Age 84: 6.2 years</li> <li>• Age 62: 18.5 years</li> </ul>	<p><b>DISPLAY</b> slide  <b>35. “Activity—Life Expectancy Answers”</b></p> <p><b>PROVIDE</b> the answers for the life expectancy for the claimant’s age:</p> <ul style="list-style-type: none"> <li>• Age 76           <ul style="list-style-type: none"> <li>○ 9.9-year life expectancy</li> </ul> </li> <li>• Age 53           <ul style="list-style-type: none"> <li>○ 25.3-year life expectancy</li> </ul> </li> <li>• Age 84           <ul style="list-style-type: none"> <li>○ 6.2-year life expectancy</li> </ul> </li> <li>• Age 62           <ul style="list-style-type: none"> <li>○ 18.5-year life expectancy</li> </ul> </li> </ul>


## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Practice Exercise—Determine Claimant’s Life Expectancy</b></p> <ul style="list-style-type: none"> <li>• Instructions: <ul style="list-style-type: none"> <li>○ Access the following items: <ul style="list-style-type: none"> <li>▪ VA Form 21-5427</li> <li>▪ Application via e-folder</li> </ul> </li> <li>○ Complete field 6 (Claimant’s Life Expectancy) of VA Form 21-5427 using the application</li> </ul> </li> <li>• Time allowed: 5 minutes</li> </ul>	<p><b>DISPLAY</b> slide  <b>36.</b> “Practice Exercise—Determine Claimant’s Life Expectancy”</p> <p><b>TELL</b> trainees to review the table and use the Claim 1 information to determine the age of the claimant.</p> <p><b>DIRECT</b> trainees to input the life expectancy in field 6 (Claimant’s Life Expectancy) on VA Form 21-5427.</p> <p><b>ALLOW</b> 5 minutes to complete all the fields.</p>
<p><b>Practice Exercise—Determine Claimant’s Life Expectancy Answer</b></p> <p>What is the life expectancy for the claimant?</p> <ul style="list-style-type: none"> <li>• <i>Answer provided by instructor based on the information provided in the example claim.</i></li> </ul>	<p><b>DISPLAY</b> slide  <b>37.</b> “Practice Exercise—Determine Claimant’s Life Expectancy Answer”</p> <p><b>SELECT</b> one trainee to provide the total life expectancy from field 6 of VA Form 21-5427.</p> <ul style="list-style-type: none"> <li>• <i>Answer provided by instructor based on the information provided in the example claim.</i></li> </ul>

**Lesson 20: Determine Net Worth Status**

**Lesson Plan**

PowerPoint Slides	Instructor Activities
<p><b>Write Explanation of Facts</b></p> <p><b>Scenario:</b> The spouse payee has been forced to spend down a large amount of the net worth she and the Veteran were able to save. In 2015, their net worth dropped from around \$146,000 to \$62,673. They have used all their interest-bearing accounts and are left only with IRAs that will be required for the spouse if she outlives the Veteran (who is 15+ years her senior).</p>	<p><b>DISPLAY</b> slide</p> <p><b>38.</b> "Write Explanation of Facts"</p> <p><b>TRANSITION</b> to the fifth step of net worth determination: write the explanation of facts.</p>  <p><b>REFER</b> to field 12 (Discussion) in VA Form 21-5427.</p> <p><b>EXPLAIN</b> that when making a net worth determination, it is important to include all facts and information regarding the claimant's net worth.</p> <p><b>INFORM</b> trainees that this information should only be included in the written explanation of the facts described in field 12.</p> <p><b>DISCUSS</b> what type of information is commonly added to the written explanation of the facts. Use the scenario to guide your discussion.</p> <p><b>SELECT</b> one of the trainees to read the scenario aloud.</p> <ul style="list-style-type: none"> <li>• <b>Scenario:</b> The spouse payee has been forced to spend down a large amount of the net worth she and the Veteran were able to their save. In 2015 their net worth excluding their home, dropped from around \$146,000 to \$62,673. They have used all their interest-bearing accounts and are left only with IRAs that will be required for the spouse if she outlives the Veteran (who is 15+ years her senior).</li> </ul>

**Lesson 20: Determine Net Worth Status**

**Lesson Plan**

PowerPoint Slides	Instructor Activities
<p><b>Calculate Time to Exhaust Net Worth in Months</b></p> <p>Formula: total net worth / (monthly expenses – monthly income)</p>	<p><b>DISPLAY</b> slide  <b>39.</b> "Calculate Time to Exhaust Net Worth in Months"</p> <p><b>TRANSITION</b> to the sixth step of net worth determination: calculate time to exhaust net worth in months.</p> <p><b>EXPLAIN</b> that once all the information has been gathered and entered on VA Form 21-5427, then the total net worth is divided by the difference in the monthly expenses to the monthly income.</p> <p><b>WRITE</b> the formula for calculating the time to exhaust net worth in months on the whiteboard/flip chart:</p> <ul style="list-style-type: none"> <li>• Total net worth / (monthly expenses – monthly income)</li> </ul>
<p><b>Group Exercise—Calculate Time to Exhaust Net Worth in Months</b></p> <ul style="list-style-type: none"> <li>• Instructions: <ul style="list-style-type: none"> <li>○ Use the completed VA Form 21-5427 to get the following information: <ul style="list-style-type: none"> <li>▪ Total net worth</li> <li>▪ Total monthly expenses</li> <li>▪ Total monthly income</li> </ul> </li> <li>○ Use the following formula to calculate the time to exhaust net worth in months: <ul style="list-style-type: none"> <li>▪ Total net worth / (monthly expenses – monthly income)</li> </ul> </li> </ul> </li> <li>• Time allowed: 10 minutes</li> </ul>	<p><b>DISPLAY</b> slide  <b>40.</b> "Group Exercise—Calculate Time to Exhaust Net Worth in Months"</p> <p><b>SELECT</b> one of the trainees to go to the whiteboard/flip chart to calculate the time to exhaust net worth in months.</p> <p><b>ASK</b> the class the following questions:</p> <ul style="list-style-type: none"> <li>• What is the total net worth?</li> <li>• What are the total monthly expenses?</li> <li>• What is the total monthly income?</li> </ul> <p><b>NOTE:</b> as the class provides answers, the trainee at the whiteboard/flip chart should record them on the whiteboard/flip chart in the formula format.</p> <p><b>DIRECT</b> one of the trainees to come up to whiteboard/flip chart to complete the formula.</p> <p><b>ALLOW</b> 10 minutes to complete group exercise.</p>

**Lesson 20: Determine Net Worth Status**

**Lesson Plan**

PowerPoint Slides	Instructor Activities
<p><b>Group Exercise—Calculate Time to Exhaust Net Worth in Months Answer</b></p> <p>What is the amount of time it would take to exhaust net worth in months?</p> <ul style="list-style-type: none"> <li>• <i>Answer provided by instructor based on the information provided in the example claim.</i></li> </ul>	<p><b>DISPLAY</b> slide</p> <p><b>41.</b> “Group Exercise—Calculate Calculating Time to Exhaust Net Worth in Months Answer”</p> <p><b>SELECT</b> one trainee to provide the answer.</p> <p><i>Answer provided by instructor based on the information provided in the example claim.</i></p>
<p><b>Calculate Time to Exhaust Net Worth in Years</b></p> <p>Formula: total net worth / (monthly expenses – monthly income) / 12</p>	<p><b>DISPLAY</b> slide</p> <p><b>42.</b> “Calculate Time to Exhaust Net Worth in Years”</p> <p><b>TRANSITION</b> to the seventh step of net worth determination: calculate time to exhaust net worth in years.</p> <p><b>EXPLAIN</b> that after calculating the amount of time it would take to exhaust net worth in months, divide this number by 12 to give the amount of time in years.</p> <p><b>WRITE</b> the formula for calculating the time to exhaust net worth in years on the whiteboard/flip chart:</p> <ul style="list-style-type: none"> <li>• Total net worth / (monthly expenses – monthly income) / 12</li> </ul>
<p><b>Group Exercise—Calculate Time to Exhaust Net Worth in Years</b></p> <ul style="list-style-type: none"> <li>• Instructions: <ul style="list-style-type: none"> <li>○ Use the total calculated from time to exhaust net worth in months.</li> <li>○ Divide by 12.</li> </ul> </li> <li>• Time allowed: 2 minutes</li> </ul>	<p><b>DISPLAY</b> slide</p> <p><b>43.</b> “Group Exercise—Calculate Time to Exhaust Net Worth in Years”</p> <p><b>SELECT</b> one of the trainees to come up to the whiteboard/flip chart to complete the calculations by taking the total calculated from the time to exhaust net worth in months and divide it by 12.</p> <p><b>ALLOW</b> 2 minutes to complete calculation.</p>



## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Calculating Time to Exhaust Net Worth Years Answer</b></p> <ul style="list-style-type: none"><li>• What is the amount of time it would take to exhaust net worth in years?<ul style="list-style-type: none"><li>○ <i>Answer provided by instructor based on the information provided in the example claim.</i></li></ul></li></ul>	<p><b>DISPLAY</b> slide <b>44.</b> "Calculating Time to Exhaust Net Worth Years Answer"</p> <p><b>SELECT</b> one trainee to confirm the answer on the whiteboard/flip chart is correct.</p> <p><i>Answer provided by instructor based on the information provided in the example claim.</i></p>


## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Compare Years to Use Funds to Life Expectancy</b></p> <ul style="list-style-type: none"> <li>• If “years to use funds” (amount of time it would take to exhaust net worth) is <b>greater than</b> life expectancy, then net worth is sufficient to meet claimant’s financial needs</li> <li>• If “years to use funds” is <b>less than</b> life expectancy, then net worth is not sufficient to meet claimant’s financial needs</li> <li>• All claims are adjudicated on a case-by-case basis</li> </ul>	<p><b>DISPLAY</b> slide 45. “Compare Years to Use Funds to Life Expectancy”</p> <p><b>TRANSITION</b> to the final step of net worth determination: compare years to use funds to life expectancy.</p> <p><b>INFORM</b> trainees that once that have calculated the time to exhaust net worth in years, then it is compared with the life expectancy.</p> <ul style="list-style-type: none"> <li>• If “years to use funds” (amount of time it would take to exhaust net worth) is greater than life expectancy, then net worth is sufficient to meet claimant’s financial needs</li> <li>• If “years to use funds” is less than life expectancy, then net worth is not sufficient to meet claimant’s financial needs</li> </ul> <p><b>REMINDE</b> trainees that all claims are adjudicated on a case-by-case basis. The comparison of years to use fund to life expectancy is just one way of determining net worth and whether net worth is a bar to benefits.</p> <p><b>USE</b> this example as alternate comparison:</p> <ul style="list-style-type: none"> <li>• <b>EXAMPLE:</b> Another comparison can be made to years to the amount of time it would take before the claimant was at or under \$80,000. If the determination shows that the claimant will be under \$80,000 in a reasonable period of time, it’s a PMC VSRs discretion to justify that the assets are not sufficient to meet the claimant’s needs.</li> </ul>

## Lesson 20: Determine Net Worth Status

### Lesson Plan

PowerPoint Slides	Instructor Activities
<p><b>Practice Exercise—Compare Years to Use Funds to Life Expectancy</b></p> <ul style="list-style-type: none"><li>• Instructions:<ul style="list-style-type: none"><li>○ Review Claim 1 and VA Form 21-5427</li><li>○ Use the formula: total net worth / (monthly expenses – monthly income) / 12</li><li>○ Compare the years to use funds to the life expectancy</li></ul></li><li>• Time allowed: 10 minutes</li></ul>	<p><b>DISPLAY</b> slide <b>46.</b> “Practice Exercise—Compare Years to Use Funds to Life Expectancy”</p> <p><b>TELL</b> trainees to remain in their groups to complete this exercise.</p>  <p><b>REFER</b> trainees to the Claim 1 and VA Form 21-5427 they just completed.</p> <p><b>EXPLAIN</b> to trainees that they will use the completed VA Form 21-5427 and the formula to compare years to use funds with the life expectancy.</p> <p><b>ALLOW</b> 10 minutes to complete the practice exercise.</p> <p><b>DISCUSS</b> responses as a class. Ensure that trainees provide an explanation for each answer.</p> <p><i>Answers provided by instructor based on the information provided in the example claim.</i></p>



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<p><b>Is Net Worth a Bar?</b></p> <ul style="list-style-type: none"> <li>• If net worth is sufficient to meet his/her needs, the net worth is a bar to benefits</li> <li>• Determining if net worth is a bar is an administrative decision</li> </ul>	<p><b>DISPLAY</b> slide  <b>47.</b> "Is Net Worth a Bar?"</p> <p><b>REMINDE</b> trainees that the basic issue in evaluating net worth is whether the claimant's financial resources are sufficient to meet the claimant's basic needs without assistance from the VA.</p> <p><b>CLARIFY</b> that determining if net worth is a bar is an administrative decision. A formal net worth administrative decision is required if:</p> <ul style="list-style-type: none"> <li>• The claimant has net worth of \$80,000 or more, whether or not net worth bars entitlement</li> <li>• Net worth (of any amount) bars entitlement</li> </ul> <p><b>EXPLAIN</b> that if the net worth is sufficient to meet his/her needs, then the net worth is a bar to benefits. If a claimant's assets are substantial enough that the claimant could live on them for a reasonable period, disallow pension for excessive net worth.</p>
<p><b>Group Exercise—Determine If Net Worth Is a Bar</b></p> <ul style="list-style-type: none"> <li>• Instructions: <ul style="list-style-type: none"> <li>○ Review the completed VA Form 21-5427.</li> <li>○ Based on the form, is net worth a bar to benefits?</li> </ul> </li> <li>• Time allowed: 5 minutes</li> </ul>	<p><b>DISPLAY</b> slide  <b>48.</b> "Group Exercise—Determine If Net Worth Is a Bar"</p> <p><b>DIRECT</b> trainees to review the completed VA Form 21-5427.</p> <p><b>SELECT</b> two or more of the trainees to decide whether the net worth is a bar to benefits.</p> <p><b>ALLOW</b> 5 minutes to determine if net worth is a bar.</p> <p><i>Answer provided by instructor based on the information provided in the example claim.</i></p>



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<p>Net Worth in VBMS-A</p> 	<p><b>DISPLAY</b> slide 49. "Net Worth in VBMS-A"</p> <p><b>REMINDE</b> trainees that the net worth amount and whether the net worth is a bar are recorded on the financial decision screen in VBMS-A.</p>  <p><b>DEMONSTRATE</b> where to enter the net worth amount on the VBMS-A financial decision screen. Also, show where to check if the net worth is a bar.</p>



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<p><b>Convertibility of Assets</b></p> <p>Review the following examples:</p> <ul style="list-style-type: none"><li>• M21-1 V.iii.1.J.4.g (Example 1: Convertibility of Assets)</li><li>• M21-1 V.iii.1.J.4.h (Example 2: Convertibility of Assets)</li><li>• M21-1 V.iii.1.J.4.i (Example 3: Convertibility of Assets)</li></ul>	<p><b>DISPLAY</b> slide <b>50.</b> "Convertibility of Assets"</p> <p><b>SELECT</b> one or more trainees to answer the following question: If the claimant reduces existing net worth, can he/she reapply for pension?</p> <ul style="list-style-type: none"><li>• Yes</li></ul> <p></p> <p><b>REFER</b> trainees to M21-1 V.iii.1.J.4.f (Convertibility of Assets). Have one of them read the first and second paragraphs aloud.</p> <p><b>DISCUSS</b> the convertibility of assets in net worth determination. Use the following examples from M21-1 V.iii.1.J.4 to guide your discussion.</p> <ul style="list-style-type: none"><li>• M21-1 V.iii.1.J.4.g (Example 1: Convertibility of Assets)</li><li>• M21-1 V.iii.1.J.4.h (Example 2: Convertibility of Assets)</li><li>• M21-1 V.iii.1.J.4.i (Example 3: Convertibility of Assets)</li></ul> <p></p> <p><b>EMPHASIZE</b> that VA's income-based benefits programs are intended to help low-income beneficiaries secure the basic necessities of life. They are not intended to ensure substantial assets against changes in market conditions.</p>

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<p><b>Questions?</b></p> 	<p><b>DISPLAY</b> slide 51. "Questions"</p>  <p><b>ASK</b> trainees if they have any questions or concerns regarding determining net worth status. Use this time to clear up any confusion or misconceptions about the information presented.</p>
<p><b>Lesson Summary</b></p> <ul style="list-style-type: none"> <li>• What is net worth for VA purposes?</li> <li>• Whose net worth is counted for pension claims?</li> <li>• What form is used to calculate net worth?</li> <li>• How do you determine the life expectancy?</li> <li>• What is the formula used to calculate years to use funds?</li> </ul>	<p><b>DISPLAY</b> slide 52. "Lesson Summary"</p> <p><b>REVIEW</b> the key points of the lesson with a guided discussion using the following questions:</p> <ul style="list-style-type: none"> <li>• What is net worth for VA purposes?</li> <li>• Whose net worth is counted for pension claims?</li> <li>• What form is used to calculate net worth?</li> <li>• How do you determine the life expectancy?</li> <li>• What is the formula used to calculate years to use funds?</li> </ul>
<p><b>What's Next</b></p> <p>Phase 5: Stages of a Claim, Part 1 (c)—Income Eligibility Knowledge Check Preparation</p>	<p><b>DISPLAY</b> slide 53. "What's Next"</p> <p><b>DISCUSS</b> the upcoming Phase 5: Stages of a Claim, Part 1 (c)—Income Eligibility Knowledge Check Preparation</p>