

Veteran Benefits and Social Security Disability Benefits

Special Populations Fact Sheet 2025

Basics of Veteran Benefits

The Veterans Benefits Administration (VBA) oversees two separate programs that provide monthly cash payments to veterans with disabilities:

- Disability Pension
- Disability Compensation

How are Veteran Benefits Calculated?

The VBA determines the percentage of disability and pays benefits based upon that percentage. This is called **Service-Connected Rating**.

For example, if a veteran has an 80% service-connected rating, this means the VBA determined the individual can only perform at 20% of their earning capacity and supplements their income with a cash benefit.

When determining eligibility for benefits, the VBA conducts an independent evaluation. In other words, just because Social Security has determined you are eligible for disability benefits, does not mean the VBA will automatically do the same and vice versa.

Disability Pension

- This is a benefit paid to a veteran because of permanent and total non-service-connected disability.
- To be eligible, the veteran must have an annual income of less than \$19,295 (*this figure is effective as of Dec. 1, 2024 and is updated annually*).
- If the veteran's annual income is less than \$19,295, the amount of the pension will bring the veteran's annual income up to this level.
- Work income lowers the pension amount dollar-for-dollar.

[VA Disability Pension Benefits](#)

Disability Compensation

- Benefit paid to a veteran who is disabled due to an injury or illness that occurred during military service; considered to be **Service Connected**.
- The benefit amount is determined by the service-connected rating and the number of dependents the veteran has.
- Considered an entitlement program, it does not have a limit on what assets the veteran can have (e.g., house, vehicle, cash on hand), nor is it subject to federal or state income tax.
- Work income will not affect the benefit amount, however, it may cause the VBA to re-rate the veteran and reduce the benefit amount, unless the veteran is age 69 or older.

How Social Security Disability Benefits are Affected by VBA Benefits

- Social Security Disability Insurance (SSDI) is not affected by Disability Pension or Disability Compensation.
- Supplemental Security Income (SSI) is affected by Disability Pension. It will result in a dollar-for-dollar reduction.
- SSI is also affected by Disability Compensation. The first \$20 of income is disregarded. After that, it will result in a dollar-for-dollar reduction.

How VBA Benefits are Affected by Social Security Disability Benefits

- SSDI **will** affect Disability Pension. It is considered income and reduces the Disability Pension dollar-for-dollar.
- SSDI **will not** affect Disability Compensation.
- SSI **will not** affect Disability Pension; SSI is not counted as income.
- SSI **will not** affect Disability Compensation.

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Compensated Work Therapy

The VA has a program called Compensated Work Therapy (CWT), which is considered a protected environment. There is a CWT program in each VA hospital.

CWT has three components:

- Sheltered Workshop
- Supported Employment
- Competitive Employment

If the veteran is employed in a protected environment, such as a family business, sheltered workshop, or supported employment, the income will not be used by the VBA to potentially **re-rate** the individual.

Note:

- Income earned while in the sheltered workshop component of the CWT program is excluded entirely for both SSDI and SSI.
- Income earned in the Supported Employment and the Competitive Employment component of CWT will be considered income for both SSI and SSDI.

VA Insurance and Medicare:

You can have both Medicare and Veterans Affairs (VA) benefits, but **Medicare and VA benefits do not work together**. Medicare does not pay for any care that you receive at a VA facility. For your VA coverage to cover your care, you must generally receive healthcare services at a VA facility.

VA Insurance and Medicaid:

Although it is possible to be eligible for both Medicaid and a veteran's pension, (i.e., [Aid and Attendance](#) (A&A) or Homebound benefits), it is highly unusual to receive concurrent benefits.

Note: One spouse can receive Medicaid assistance while the other is receiving a veteran's pension.

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