

amount of other income to which the beneficiary is entitled. In cases where a pensioner has been on the rolls for a number of years and has grown to depend on the VA pension as an integral part of his financial security in old age, changes in income, which generally would be insignificant, should not be permitted to affect his pension materially.

The Social Security system functions so that earnings are not a factor in the amount a retiree receives after his seventy-second birthday. Until age 72, the amount of benefits a retiree receives in any given year is directly related to his earnings and the number of months he has worked. After attaining age 72, however, the retiree is paid full benefits no matter how much he earns.

The Commission believes the veterans' and dependents' pension system should operate in the same way, since almost all pensioners who have reached age 72 and have been receiving pension for two years have static incomes. Therefore, the Commission recommends that when these two conditions are met, with certain safeguards, these pensioners be allowed to continue on the pension rolls without regard to income or estate considerations. In many instances, the only practical effect would be that these elderly people would be relieved of the formality of reporting their incomes each year. If a pensioner's income decreases sufficiently, however, he should be allowed to file a revised income statement and his pension increased according to the pension rate schedule. This recommendation would assure aged pensioners of the same rate of pension without regard to increases that may occur in their income after age 72 if changes in dependency status occur which are material to pension entitlement, however, the pension would be adjusted accordingly.

RECOMMENDATION NO. 20

The Commission recommends that the provisions of law providing for reduction of pension during periods of hospitalization be made similar for both the protected and current pension programs.

Background to Recommendation:

38 USC 3203 (a) (1), as retained by PL 86-211, Sec. 9 (b), provides that, in cases of unmarried VA hospitalized veterans without dependents, the basic rates of \$66.15 and \$78.75 payable to those receiving benefits under the "old" (pro-