Public Law 88-664

October 13, 1964
[H. R. 1927]

AN ACT

To amend title 38, United States Code, to revise the pension program for veterans of World War I, World War II, and the Korean conflict, and their widows and children, and for other purposes.

Veterans.
Nonservice pensions.
73 Stat. 432.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 503, title 38, United States Code, is amended by (a) inserting "10 per centum of the amount of" immediately before "payments" in paragraph (6) and striking out "equal to his contributions thereto"; and (b) adding after paragraph (8) five paragraphs as follows:

"(9) amounts equal to amounts paid by a veteran for the last illness and burial of his deceased spouse or child;

"(10) profit realized from the disposition of real or personal property other than in the course of a business;

"(11) payments received for discharge of jury duty or obligatory civic duties;

72 Stat. 1192.
38 USC 1701-1778.

"(12) payments of educational assistance allowance or special training allowance under chapter 35 of this title;

"(13) payments of bonus or similar cash gratuity by any State based on service in the Armed Forces."

SEC. 2. Section 506(a)(2), title 38, United States Code, is amended by inserting ", other than a child," immediately after "person".

Disability pension, amounts.

SEC. 3. (a) The table in section 521(b), title 38, United States Code, is amended to read as follows:

"Column I		Column II
Annual income		
More than—	but Equal to or less than—	
	$600	$100
$600	1, 200	75
1, 200	1, 800	43"

(b) The table in section 521(c), title 38, United States Code, is amended to read as follows:

"Column I		Column II	Column III	Column IV
Annual income				
More than—	but Equal to or less than—	One dependent	Two dependents	Three or more dependents
	$1, 000	$105	$110	$115
$1, 000	2, 000	80	80	80
2, 000	3, 000	48	48	48"

(c) The table in section 541(b), title 38, United States Code, is amended to read as follows:

Widows and children.
73 Stat. 434.

"Column I		Column II
Annual income		
More than—	but Equal to or less than—	
	$600	$64
$600	1,200	48
1,200	1,800	27"

(d) The table in section 541(c), title 38, United States Code, is amended to read as follows:

"Column I		Column II
Annual income		
More than—	but Equal to or less than—	
	$1,000	$80
$1,000	2,000	64
2,000	3,000	43"

SEC. 4. Section 542(a) of title 38, United States Code, is amended by striking out "$35" and inserting in lieu thereof "$38".

SEC. 5. Section 521(d), title 38, United States Code, is amended by striking out "$70" and inserting in lieu thereof "$100".

SEC. 6. (a) Section 521 is further amended by redesignating subsections (e) and (f) as subsections (f) and (g), respectively, and by inserting immediately after subsection (d) thereof the following new subsection:

Housebound veterans.

"(e) If the veteran has a disability rated as permanent and total, and (1) has additional disability or disabilities independently ratable at 60 per centum or more, or, (2) by reason of his disability or disabilities, is permanently housebound but does not qualify for the aid and attendance rate under subsection (d) of this section, the monthly rate payable to him under subsection (b) or (c) shall be increased by $35."

(b) Section 502, title 38, United States Code, is amended by adding after subsection (b) the following subsection:

72 Stat. 1134.

"(c) For the purposes of this chapter, the requirement of 'permanently housebound' will be considered to have been met when the veteran is substantially confined to his house (ward or clinical areas, if institutionalized) or immediate premises due to a disability or disabilities which it is reasonably certain will remain throughout his lifetime."

SEC. 7. Section 521(e)(1), title 38, United States Code, as redesignated section 521(f)(1) under section 6 of this Act, is amended by striking out "except $1,200 of such income" and substituting in lieu thereof the following: "in excess of whichever is the greater, $1,200 or the total earned income of the spouse,".

Annual income, determination.
73 Stat. 434.

Drugs or medicines.
Ante, p. 504.

SEC. 8. Section 612 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

Ante, p. 1095.

"(h) Any veteran who as a veteran of World War I, World War II, or the Korean conflict is receiving increased pension under section 521(d) of this title based on need of regular aid and attendance may be furnished drugs or medicines ordered on prescription of a duly licensed physician as specific therapy in the treatment of an illness or injury suffered by the veteran."

Duplication of benefits.
72 Stat. 1230.

SEC. 9. Section 3104(a) of title 38, United States Code, is amended by inserting "or concurrently to any person based on the service of any other person" immediately before the period at the end thereof.

73 Stat. 436.
38 USC 521 note.

SEC. 10. In computing the income of persons whose pension eligibility is subject to the first sentence of section 9(b) of the Veterans Pension Act of 1959, there shall be excluded 10 per centum of the amount of payments received under public or private retirement, annuity, endowment, or similar plans or programs.

Effective date.

SEC. 11. (a) Except as otherwise provided herein, this Act shall take effect on January 1, 1965.

Ante, p. 1094.
38 USC 501-562.

(b) The amendment to paragraph (6) of section 503, title 38, United States Code, shall not apply to any individual receiving pension on December 31, 1964, under chapter 15 of said title, or subsequently determined entitled to such pension for said day, until his contributions have been recouped under the provision of that paragraph in effect on December 31, 1964.

National Service Life Insurance.
38 USC 701-724.

SEC. 12. (a) Subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 725. Limited period for acquiring insurance

Post, p. 1098.

"(a) Any person (other than a person referred to in subsection (f) of this section) heretofore eligible to apply for National Service Life Insurance after October 7, 1940, and before January 1, 1957, who is found by the Administrator to be suffering (1) from a service-connected disability or disabilities for which compensation would be payable if 10 per centum or more in degree and except for which such person would be insurable according to the standards of good health established by the Administrator; or (2) from a non-service-connected disability which renders such person uninsurable according to the standards of good health established by the Administrator and such person establishes to the satisfaction of the Administrator that he is unable to obtain commercial life insurance at a substandard rate, shall, upon application in writing made within one year after the effective date of this section, compliance with the health requirements of this section and payment of the required premiums, be granted insurance under this section.

"(b) If, notwithstanding the applicant's service-connected disability, he is insurable according to the standards of good health established by the Administrator, the insurance granted under this section shall be issued upon the same terms and conditions as are contained in the standard policies of National Service Life Insurance except (1) five-year level premium term insurance may not be issued; (2) the net premium rates shall be based on the 1958 Commissioners Standard Ordinary Basic Mortality Table, increased at the time of issue by such an amount as the Administrator determines to be necessary for sound actuarial operations, and thereafter such premiums may be adjusted as the Administrator determines to be so necessary but at intervals of not less than two years; (3) an additional premium to cover administrative costs to the Government as determined by the Administrator at times of issue shall be charged for insurance issued under this subsection and for any total disability income provision attached thereto, and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less

than five years; (4) all cash, loan, extended and paid-up insurance values shall be based on the 1958 Commissioners Standard Ordinary Basic Mortality Table; (5) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949; (6) all calculations in connection with insurance issued under this subsection shall be based on interest at the rate of 3½ per centum per annum; (7) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (8) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited to a revolving fund established in the Treasury of the United States and the payments on such insurance and total disability income provision shall be made directly from such fund.

Revolving fund.

"(c) If the applicant's service-connected disability or disabilities render him uninsurable according to the standards of good health established by the Administrator, or if the applicant has a non-service-connected disability which renders him uninsurable according to the standards of good health established by the Administrator and such person establishes to the satisfaction of the Administrator that he is unable to obtain commercial life insurance at a substandard rate and such uninsurability existed as of the date of approval of this section, the insurance granted under this section shall be issued upon the same terms and conditions as are contained in standard policies of National Service Life Insurance, except (1) five-year level premium term insurance may not be issued; (2) the premiums charged for the insurance issued under this subsection shall be increased at the time of issue by such an amount as the Administrator determines to be necessary for sound actuarial operations and thereafter such premiums may be adjusted from time to time as the Administrator determines to be necessary; for the purpose of any increase at time of issue or later adjustment the service-connected group and the non-service-connected group may be separately classified; (3) an additional premium to cover administrative costs to the Government as determined by the Administrator at the time of issue shall be charged for insurance issued under this subsection and for any total disability income provision attached thereto (for which the insured may subsequently become eligible) and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less than five years and for this purpose the service-connected and non-service-connected can be separately classified; (4) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis; (5) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949; (6) all calculations in connection with insurance issued under this subsection shall be based on interest at the rate of 3½ per centum per annum; (7) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (8) all premiums and other collections on the insurance and any total disability income provision attached thereto shall be credited to the National Service Life Insurance appropriation, and the payments on such insurance and total disability income provision shall be made directly from such appropriation. Appropriations necessary to carry out the provisions of this subsection are hereby authorized.

"(d)(1) There is authorized to be appropriated such sums as may be required to provide capital for the revolving fund to carry out the purpose of subsection (b) of this section. Such appropriations shall be advanced to the revolving fund as needed and shall bear interest as determined by the Secretary of the Treasury, taking into considera-

Appropriation.

tion the average yield on all marketable interest-bearing obligations of the United States of comparable maturities then forming a part of the public debt and shall be repaid to the Treasury over a reasonable period of time.

"(2) The Administrator is authorized to set aside out of the revolving fund established under subsection (b) of this section such reserve amounts as may be required under accepted actuarial principles to meet all liabilities on insurance issued under subsection (b) of this section and any total disability income provision attached thereto. The Secretary of the Treasury is authorized to invest in and to sell and retire special interest-bearing obligations of the United States for the account of the revolving fund. Such obligations issued for this purpose shall have maturities fixed with due regard for the needs of the fund and shall bear interest at a rate equal to the average market yield (computed by the Secretary of the Treasury on the basis of market quotations as of the end of the calendar month next preceding the date of issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of four years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligation shall be the multiple of one-eighth of 1 per centum nearest such market yield.

72 Stat. 1165.
38 USC 782.

"(3) Notwithstanding the provisions of section 782 of this title, the Administrator shall, from time to time, determine the administrative costs to the Government which in his judgment are properly allocable to insurance issued under this section and any total disability income provision attached thereto, and shall transfer from the revolving fund, or the National Service Life Insurance appropriation, as appropriate, the amount of such cost allocable to the Veterans' Administration to the appropriation 'General Operating Expenses, Veterans' Administration', and the remainder of such cost to the general fund receipts in the Treasury. The initial administrative costs of issuing insurance under this section and any total disability income provision attached thereto shall be so transferred over such period of time as the Administrator determines to be reasonable and practicable.

"(e) Notwithstanding the provisions of section 782 of this title, a medical examination (including any supplemental examination or tests) when required of an applicant for issuance of insurance under this section or any total disability income provisions attached thereto shall be at the applicant's own expense by a duly licensed physician.

"(f) No insurance shall be granted under this section to any person referred to in section 107 of this title or to any person while on active duty or active duty for training under a call or order to such duty for a period of thirty-one days or more."

72 Stat. 1111.

Insurance plans.

(b) Section 704 of title 38, United States Code, is amended (1) by inserting "(a)" immediately before "Insurance"; and (2) by adding at the end thereof the following:

"(b) Under such regulations as the Administrator may promulgate a policy of participating insurance may be converted to or exchanged for insurance issued under this subsection on a modified life plan. Insurance issued under this subsection shall be on the same terms and conditions as the insurance which it replaces, except (1) the premium rates for such insurance shall be based on the 1958 Commissioners Standard Ordinary Basic Table of Mortality and interest at the rate of 3 per centum per annum; (2) all cash, loan, paid-up, and extended values shall be based on the 1958 Commissioners Standard Ordinary Basic Table of Mortality and interest at the rate of 3 per centum per annum; and (3) at the end of the day preceding the sixty-fifth birth-

day of the insured the face value of the modified life insurance policy or the amount of extended term insurance thereunder shall be automatically reduced by one-half thereof, without any reduction in premium.

"(c) Under such regulations as the Administrator may promulgate, a policy of nonparticipating insurance may be converted to or exchanged for insurance issued under this subsection on a modified life plan. Insurance issued under this subsection shall be on the same terms and conditions as the insurance which it replaces, except that (1) term insurance issued under section 621 of the National Service Life Insurance Act of 1940 shall be deemed for the purposes of this subsection to have been issued under section 723(b) of this title; and (2) at the end of the day preceding the sixty-fifth birthday of the insured the face value of the modified life insurance policy or the amount of extended term insurance thereunder shall be automatically reduced by one-half thereof, without any reduction in premium. Any person eligible for insurance under section 722(a), or section 725 of this title may be granted a modified life insurance policy under this subsection which, subject to exception (2) above, shall be issued on the same terms and conditions specified in section 722(a) or section 725, whichever is applicable.

65 Stat. 36; 72 Stat. 1272.

72 Stat. 1155.

"(d) Any insured whose modified life insurance policy is in force by payment or waiver of premiums on the day before his sixty-fifth birthday may upon written application and payment of premiums made before such birthday be granted National Service Life Insurance, on an ordinary life plan, without physical examination, in an amount of not less than $500, in multiples of $250, but not in excess of one-half of the face amount of the modified life insurance policy in force on the day before his sixty-fifth birthday. Insurance issued under this subsection shall be effective on the sixty-fifth birthday of the insured. The premium rate, cash, loan, paid-up, and extended values on the ordinary life insurance issued under this subsection shall be based on the same mortality tables and interest rates as the insurance issued under the modified life policy. Settlements on policies involving annuities on insurance issued under this subsection shall be based on the same mortality or annuity tables and interest rates as such settlements on the modified life policy. If the insured is totally disabled on the day before his sixty-fifth birthday and premiums on his modified life insurance policy are being waived under section 712 of this title or he is entitled on that date to waiver under such section he shall be automatically granted the maximum amount of insurance authorized under this subsection and premiums on such insurance shall be waived during the continuous total disability of the insured."

(c) The analysis of subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following:

"725. Limited period for acquiring insurance."

(d) The amendments made by this section shall take effect as of the first day of the first calendar month which begins more than six calendar months after the date of enactment of this Act.

Effective date.

Approved October 13, 1964.