

# + PAIN AND SUFFERING COMPENSATION

If you received a Disability Award between 2006 and today, you might be wondering...



...how does the new, tax-free, monthly PAIN AND SUFFERING COMPENSATION work for me?

## + EXAMPLE



Here is an example of how the new monthly life-long benefit will work for Veterans who have already received a Disability Award:

In 2006, Dwayne, at the age of 32, was assessed at 100% for his disability and received a lump-sum maximum Disability Award of \$250K



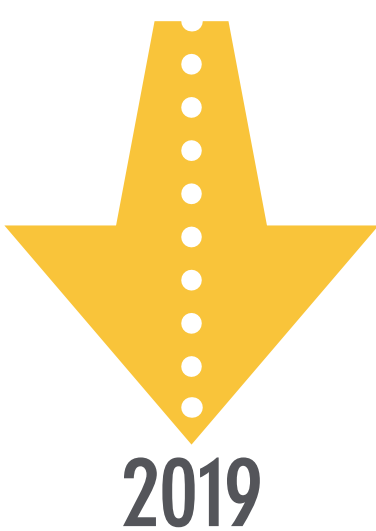
$$\begin{array}{r} \$250K \\ + \$ 47K \\ \hline = \$297K \end{array}$$

On April 1, 2017, he received an additional \$47K payment because of an increase to the maximum Disability Award through Budget 2016.

With the new Pain and Suffering Compensation, Dwayne will qualify to receive a tax-free, monthly payment with no new assessment required.



The new maximum payment will be \$1,150 a month, for life.



The first step is to take the \$1,150 monthly payment – today's value – and calculate it over 13 years back to 2006. BUT the monthly payment of \$1,150 is not decreasing to the 2006 value.

For Dwayne, this works out to a total of **\$179,400.**

Since Dwayne already received \$297,700, we subtract the \$179,400 that he would have received under the new benefit and we are left with an outstanding amount of \$118,300.



$$\begin{array}{r} \$297,700 \\ - \$179,400 \\ \hline = \$118,300 \end{array}$$

The outstanding amount of \$118,300 will be divided up over the course of Dwayne's life.



So, on April 1, 2019, Dwayne will start receiving a monthly, tax-free payment of \$880 for life.

This amount represents the maximum \$1,150 monthly payment, less \$270 a month to account for the money Dwayne already received through his lump-sum payment.

On April 1, 2019, Dwayne will start receiving monthly payments for life without completing any additional paperwork.



Every January, the amount will increase according to the Consumer Price Index.



Dwayne may also be eligible for the new Income Replacement Benefit, which will provide him with monthly income for the rest of his life, if he needs it.

This is just one example of how the new Pain and Suffering Compensation will work for Veterans.