

Veterans' Pensions

**Protect Your Money
From Poachers**



Veterans and their families are a target for some dishonest advisers who are claiming to offer free help with paperwork for pension claims. The scheme involves attorneys, financial planners, and insurance agents trying to persuade veterans over 65 to make decisions about their pensions without giving them the whole truth about the long-term consequences.

Specifically, these unscrupulous brokers try to convince veterans to transfer their assets to a trust or to invest in insurance products so they can qualify for Aid and Attendance benefits. What they don't reveal is that these transactions could mean that the veteran loses eligibility for Medicaid services or loses the use of their money for a long time. Adding insult to injury, the advisers are charging fees that range from hundreds to thousands of dollars for their services.

Your best defense against someone who wants to poach your pension to get you a better deal? A firm "no, thanks."

Questionable Advice

If you're a veteran over 65, you may be approached by people with convincing come-ons offering to help you apply for supplemental pension benefits. Whether it's through an ad or a website, the offer usually involves a free seminar and claims that:

"We'll show you – for free how to qualify for your benefits and stay in your home."

"We guarantee you'll get your Aid and Attendance pension."

"As a veteran, you're entitled to these benefits."

The people behind these pitches, who may claim to be veterans' advocates, also show up at assisted living facilities, senior centers, or other places in your community to help you submit your application for A&A benefits to the Department of Veterans Affairs (VA). But often, they're unscrupulous lawyers, financial planners, or insurance agents who merely rent the space to deliver a lunch or some snacks along with a high-pressure sales pitch for their products and services. These so-called advisers may claim to be veterans to gain your trust and they appeal to your emotions to create anxiety and apprehension about your future. As a rule, they leave out important details; the truth is that if you follow their advice, you're likely to end up without the supplemental pension benefits they promise, disqualified from other government benefits, and stuck in a financial investment that's not in your or your family's best interest for the long term.

The offers almost always involve the Enhanced Pension with Aid and Attendance (also called A&A), which supplements a military pension but is only available in limited circumstances. The qualifications for A&A are specific and strict: You must be over 65; be eligible for a military pension; fall under an income threshold; and need help with daily living tasks (bathing, feeding, dressing, and toileting), be incapacitated physically or mentally, have severely limited eyesight, or be confined to bed or in a nursing home. A&A is never granted automatically either to veterans of a certain age or those with particular disabilities.

The Rules in Brief

The so-called advisers offer to help you complete the paperwork to file your benefits claims. If your assets are above the required threshold, their goal is to convince you to restructure your finances so you can qualify for A&A. That's how they earn their money: by selling you an annuity or creating a trust. For instance, the more money you put into certain insurance products, the more money the insurance adviser gets paid.

Here's what you need to know:

- ▶ **Transferring assets.** Under current rules, it is not illegal to shift your assets to family members or to a trust to make you appear needy and qualify for A&A benefits. But transferring assets can have serious consequences: it can disqualify you for A&A benefits rather than qualify you. If disqualified, you would be required to return any A&A benefits already paid to you. Also, A&A benefits may not be enough to fund your long-term care expenses, and you may need to apply for Medicaid, the government's program for people who cannot afford medical care. But Medicaid has a 60-month look-back period: If you've moved substantial assets at less than market value during the previous five years, you may be ineligible for Medicaid services.
- ▶ **Annuities.** If you buy an annuity, you pay a premium and then you get regular payments over time from an insurance company. People often use annuities to provide a steady stream of income. But depending on the annuity, if you need money early and have to withdraw it, you may have to pay

very high fees. Annuities aren't right for everyone: their suitability depends on your age, needs, and particular situation. For more information about deciding whether an annuity is right for you, visit the National Association of Insurance Commissioners.

Applying for A&A Benefits

To apply for A&A benefits, write to the VA Regional Office where you applied for your military pension. There is no cost for the forms and no fees to apply. Learn more about Aid and Attendance or Housebound benefits.

The VA accredits three types of professionals to help you complete and file pension claims:

- ▶ representatives of VA-recognized Veterans Service Organizations
- ▶ independent claims agents
- ▶ private attorneys

Accreditation means that the provider is trained in how to fill out paperwork and file claims, and isn't allowed to charge you to complete and submit your forms. The VA is reviewing its procedures for determining which Veterans Service Organizations they recognize. To arrange for help from an accredited adviser, search the VA's list. Free help in navigating your options may be available from state veterans' affairs offices and your state insurance regulator.

Navigating The Process

- ▶ **It is free to apply for veterans' benefits.** If you're completing the application yourself, don't pay for forms. If someone is helping you, know that the people who are accredited through the VA are not allowed to charge you to help you complete and submit VA paperwork.
- ▶ **Check for accreditation and licensing.** Confirm that the person helping you is accredited through the VA. That means they're trained to help with completing and submitting claims to the VA; it doesn't mean the VA endorses the person's products, advice, or ethics. Look into the licensing and professional status of the person helping you:
 - **For insurance agents:** If you are considering buying an annuity, check with your state insurance regulator to confirm that the seller is licensed.
 - **For lawyers:** Check with your state Bar Association to see if the lawyer is licensed in your state and whether there are ethical complaints on file.
 - **For financial planners:** Anyone can call themselves a financial planner, but someone using the designation Certified Financial Planner must meet certain professional and ethical standards of the Certified Financial Planner Board of Standards. Determine whether an adviser is certified and whether any disciplinary actions have been taken or are on file. The National Association of Personal Financial Advisors can

give you a list of planners that you pay directly (fee-for-service) rather than by commission on your purchases.

- ▶ **Know what's in a name.** The words “veterans” or “military families” in an organization’s name don’t necessarily mean that the group represents the best interests of veterans or their families. Some so-called advisers are dishonest and mislead veterans and their families to believe that they are veterans’ advocates representing a nonprofit or that they’re endorsed by VA.
- ▶ **Feel fine about responding with a fast no — or taking plenty of time to get to yes.** Check out an organization before you give it any money or do business with it in any way. Some deceptive advisers use names, seals, and logos that look or sound like those of respected, legitimate organizations. You may see a small difference in the name of the organization from the one you mean to deal with: that’s your signal to call the organization you know to be legitimate and ask it a lot of questions.
- ▶ **Consider any pressure to act fast as your cue to say no.** If you decide to attend a presentation about veterans’ benefits, don’t spend any money until you’ve had time to think about the options, and play out as many potential scenarios as you can imagine. If the salesperson is giving you vague or evasive answers, walk away. This is not a person you want to trust with your money, your benefits, or your future.
- ▶ **You get to decide how to spend your money.** Read all the papers and the contract carefully. Understand

all the terms, conditions, and implications of what you are being asked to do. Get everything you discussed in writing. If something isn't clear to you, ask for an explanation in writing. Take your time to review and consider all your options, including doing nothing. Discuss the possibilities with a trusted friend or family member. For instance, before an annuity contract is final, you get a “free look” period. How long the period lasts depends on state law. This is your chance to decide you don't want the annuity, return the contract, and get your money back.

- ▶ **Guarantees, schmarantees: There aren't any.** If an adviser guarantees or promises that they can help you get A&A benefits, forget about it. No one can promise that the VA will award you a benefit – even someone who claims to be VA-approved or accredited. Only the VA can do that.

Filing a complaint

If you think someone is trying to sell you an A&A benefits bill of goods based on “poaching” your pension, file a complaint with:

- ▶ your state Attorney General
- ▶ Federal Trade Commission

If you want to report a problem with the sale of an annuity or other insurance product, file a complaint with your state insurance regulator. If you think a lawyer has behaved unethically, complain to your state Bar Association.

Resources

Annuities

Seniors: Educate Yourself on Annuities

naic.org/documents/consumer_alert_annuities.htm

Advisers' Accreditation and Licensing

Research an adviser before doing business. Check the relevant professional association to see if they're licensed or certified and whether there are disciplinary actions filed against them.

Research a lawyer

Find your state bar association:

americanbar.org/groups/bar_services/resources/state_local_bar_associations.html

Check out a financial adviser

Contact the Certified Financial Planner Board of Standards: cfp.net

Confirm an insurance agent is licensed

Locate your state insurance regulator: naic.org

Find a fee-for-service adviser

Contact the National Association of Personal Financial Advisors: napfa.org

Free Help

Look for low or no cost assistance in navigating your options. Contact the VA, your state's veterans' affairs office, or your state insurance regulator.

Get a list of VA -Accredited Advisers

va.gov/ogc/apps/accreditation/index.asp

Find your state's veterans' affairs office

va.gov/statedva.htm

Find your state insurance regulator

naic.org

Complaints

If you think an adviser has acted improperly, submit a complaint.

Federal Trade Commission

ftc.gov/complaint

Find your state Attorney General's office

naag.org

Find your state Insurance regulator

naic.org/state_web_map.htm

Find your state bar association

americanbar.org/groups/bar_services/resources/state_local_bar_associations.html

Pension Benefits

Get the facts about available benefits and eligibility at the Department of Veterans Affairs.

Learn more about Aid and Attendance or Housebound pension benefits

benefits.va.gov/pensionandfiduciary/pension/aid_attendance_housebound.asp

Contact the VA to apply for benefits

Apply online at ebenefits.va.gov

Or

Find your VA Regional Office:

www.va.gov/directory/guide/home.asp



Federal Trade Commission
consumer.ftc.gov
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