

GOVERNMENT BENEFITS

Veterans Are Targets Of Benefits Schemes

A READER IN OHIO recently called with a concern. She had been contacted by someone she thought was from the U.S. Department of Veterans Affairs, offering to help her husband sign up for a federal benefit that would pay for his home health care. Her husband, a 79-year-old veteran, was recovering from hip surgery.

When the young man came by, he quizzed the couple about their investments and said they could qualify for thousands of dollars a year in benefits if they bought an annuity. The reader (who asked that her name not be used) sent us a copy of the visitor's business card, which identifies him as both a member of a veterans' aid group and an insurance agent. The couple showed him the door. "Ever since Bernie Madoff, I don't trust anyone," the reader told us.

She had good reason to be wary. Veterans leaders nationwide are warning veterans to steer clear of insurance agents and other advisers who promise to help them qualify for Aid and Attendance, a benefit for low-income disabled veterans. The agents' pitch: To look poor enough to qualify, move assets out of your name by buying an annuity or paying a fee to create a trust.

In Coshocton County, where our reader lives, veterans service officer Jim Barstow says that in a single month recently, he heard from about 20 veterans who had received calls from insurance agents offering to "kind of rearrange their finances to make them eligible" for Aid and Attendance. Barstow got the local paper to publish an article warning about the solicitations and noting that the county office can help eligible veterans sign up for the aid program at no charge.

To be eligible, a veteran must have wartime service and need help in performing personal functions, such as bathing, dressing and eating. Annual income cannot exceed the maximum annual benefit levels of \$20,448 for a single veteran and \$24,440 for a married couple. You can subtract unreimbursed medical expenses from

your income. Let's say you're a single veteran with \$25,000 in income and \$10,000 in medical expenses—for a net income of \$15,000. You'd be able to receive an annual benefit of \$5,448 (\$20,448 minus \$15,000).

State veterans' officers report that insurance agents often make their pitches during seminars at senior centers, assisted-living facilities and nursing homes. The schemes come in several flavors, according to state officials and elder-law attorneys. Sometimes it's as simple as charging a "consulting fee" to help fill out the application. However, it is illegal for someone to charge a fee for filling out an Aid and Attendance application.

Often, the agent will convince the applicant to buy a high-commission deferred annuity to get liquid assets out of the veteran's name. "The salesman will tell you,

'You're \$100,000 over the limit, so buy a \$100,000 annuity and you'll immediately

meet the asset-limit test,'" says Henry Levandowski, an elder-law attorney in Havertown, Pa. The veteran may not realize that he won't have access to income from the annuity for many years.

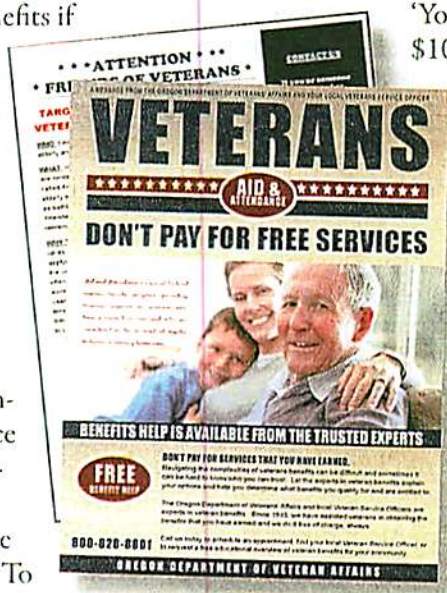
Or a veteran may buy an immediate-payout annuity. The annuity income could push the applicant over the income limit—at that point, it would be too late to unwind the investment.

Sometimes, an insurance agent will ask the veteran's adult child to help the parent qualify. The veteran will transfer assets to a child who, at the agent's urging,

will buy an annuity in his own name. "Unfortunately, the kids don't know any better," says Christopher Berry, an elder-law attorney in Bloomfield Hills, Mich.

State veterans officials are trying to clamp down. In a recent letter to veterans' publications, Joe Foster, administrator of the Montana Veterans Affairs Division, warned of a "deceitful, financially destructive and very aggressive effort" regarding the benefit program.

If you are tempted to buy an annuity or transfer assets, seek a review by an attorney who is a member of the National Academy of Elder Law Attorneys. (Find a lawyer at www.naela.org, or call 703-942-5711.) To get free help filling out an application, visit the local office of your state veterans' affairs office. Make sure any person that helps you is accredited with the VA (www.va.gov/ogc/apps/accreditation). **K** —SUSAN B. GARLAND



Brochures warn veterans of schemes.