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Scam Alert

Taking Aim at Old Soldiers

Seminars target vets with unwise investments

by: Sid Kirchheimer | from: [AARP Bulletin](#) | October 1, 2010

At community centers, nursing homes and assisted living facilities, their spiel to older veterans goes something like this: We can get you instant eligibility for additional benefits through a quick overhaul of your investments. These self-described "veterans advocates" are in fact unscrupulous investment advisers.

"They say that if you purchase financial products through us, we'll make you eligible" for Department of Veterans Affairs pensions and other benefits, says Joe Foster, administrator of Montana's Veteran Affairs Division, which recently helped form a task force to combat this growing scam against vets.

The usual pitch involves getting a veteran to transfer retirement assets into an irrevocable trust so that the family appears to be impoverished. This helps it meet eligibility requirements for a VA pension and related programs such as Aid and Attendance, which pays an additional benefit to veterans who need assistance with everyday living.

As the salesmen explain it, the VA doesn't "look back" to examine veterans' asset histories in determining eligibility for a pension.

Although it's true that the VA doesn't examine why you may be a millionaire one day and appear poverty-stricken the next, "Medicaid does look back," Foster says. "And when they see you've transferred your assets in this manner, it could jeopardize your eligibility for those benefits."

Scrambled nest egg

The bigger concern is that the new trust usually contains annuities, long-term investments that are often considered inappropriate for older retirees. Some annuities must be held for a decade or longer before they pay out a monthly income.

Nevertheless, they are recommended by unscrupulous salesmen because they generate high sales commissions. A \$500,000 annuity, for instance, could yield the agent \$75,000 for just a few hours of work, says Neil Granger, a California consultant on investment scams and financial abuse of older people.

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Other investments pitched by these salesmen at "free lunch" seminars are completely bogus. They just take the money and run.

Protection detection

If you're a vet, here's what else you should know:

- Don't be fooled by official-sounding names. Some sales agents operate as, or work with, "front" organizations, falsely claiming they have a veteran affiliation and nonprofit status.
- Don't depend on nursing homes, community centers and assisted living facilities to protect you. They may be unaware of the shady nature of the seminars. Often they are paid a fee to let volunteers give presentations.
- Get credible information on how to qualify for veterans benefits by contacting your state veterans affairs agency at nasdva.net.
- Before investing, check the agent's record at your state regulatory office. For a list, visit nasaa.org/QuickLinks/ContactYourRegulator.cfm.

Sid Kirchheimer is the author of Scam-Proof Your Life (AARP Books/Sterling).