



VETERAN-RELATED CONSUMER FRAUD FACT SHEET



It is an unfortunate fact that veterans and older Americans are preyed upon, and taken advantage of, by deceptive business practices. The purpose of this fact sheet is to highlight a few of the most common scams targeting veterans, and provide information on resources available to assist you.

Pension Advance Products

What are they?

A pension advance is an offer to pay military retirees a lump-sum amount in exchange for all or part of their monthly retirement pension payment. Often times, the pension advance payments only amount to pennies on the dollar. For example, John, a 65-year old retiree, receives \$1,200 per month from his military pension. He is offered a pension advance payment of \$85,000 in exchange for his monthly pension payment. If John were to continue receiving his monthly payment for the next ten years, he would have received \$144,000, nearly two times the amount he received from the pension advance payment. Additionally, the advances are reported to carry interest rates as high as 106 percent.

What to watch out for?

There are several offers for advance payments on the internet. Often, the companies will have patriotic names or logos, implying they are operating with the veteran's best interests in mind.

What to do if offered a pension advantage?

Research the terms and conditions carefully. Be wary of high costs and interest rates. Decline any offers that require you to provide the creditor access to the account where you get your benefits. If you are in need of emergency funds, seek financial advice before agreeing to anything – it is possible there are less costly options available.

Aid and Attendance Benefit

What is it?

When a veteran or surviving spouse requires daily assistance, they may be eligible for aid and attendance benefits, which is an increased monthly pension amount. In order to receive the benefit, the VA considers the veteran's assets, which must be below a threshold level. Some individuals and companies use the aid and attendance benefit as a hook to sell services, offering to help veteran's obtain the benefit but first

requiring customers to sign up for financial services, then transferring the customer's assets into an irrevocable trust for qualification.

What to watch out for?

Be wary of a lawyer or veteran's advisor offering to help you with the benefit for a fee. Federal law prohibits VA advisors from charging for assistance with a VA claim. Additionally, claims by paid advisors that they can get your claim processed faster than anyone are suspect. All VA claims are processed through a standard evaluation process, which cannot be bypassed by anyone. Veterans, who may have too much money to qualify for the benefit, should be cautious of offers to help them qualify by taking control of their assets and moving them into a trust. Finally, nursing homes and assisted living facilities may use the lure of the benefit to entice veterans to move in on the implied promise that they will receive the Aid and Attendance Benefit; however, if the claim is denied, the veteran may not be able to afford to stay in the home.

What do to if offered assistance in obtaining the Aid and Attendance Benefit?

Contact the VA before you begin working with someone claiming to be a veterans' advisor. Generally, the best way to obtain the benefit is to work with the VA directly.

Mortgage Advertisements

What are they?

Some mortgage lenders run advertisements seemingly directed at veterans and promising special deals, implying VA approval, or "no-payment" reverse mortgages. These advertisements are designed to take advantage of veterans and older Americans who desire to stay in their homes.

What to look out for?

Many advertisements will use official-looking logos and imply that the ad comes from a government agency, such as the VA or HUD; however, government agencies are not involved in the advertising of any loans. Be cautious of extremely low interest rates; often they are only in effect for a short period of time. Advertisements for "no-payment" reverse mortgages are very misleading. Under the terms of a typical reverse mortgage, the borrower will have to make some sort of recurring payment, such as taxes and insurance. Finally, announcements of "pre-approval" should be considered cautiously. It is rare that a borrower can be approved for such a large line of credit so early in the process.

What to do if you receive a mortgage advertisement?

Before you enter into an agreement with a mortgage lender, have any and all documents and contracts reviewed by an attorney to be sure you understand all of the details and fine print.

Additional Resources

- Consumer Financial Protection Bureau: www.consumerfinance.gov
- Veterans Benefits Administration: www.benefits.va.gov/benefits/



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