



Scams that Target Veterans

Pension Benefits Filing Scam

The Veterans Benefits Administration provides monthly benefit payments to certain wartime veterans with financial need, and their survivors. Recipients also may be eligible for one of two additional amounts:

- Aid and Attendance (A&A) may be paid to veterans, or their surviving spouses, who require assistance with activities of daily living, are bedridden, are patients in nursing homes, or have a qualifying major vision loss.
- Housebound benefits may be paid to veterans or surviving spouses who are substantially confined to their homes because of a permanent disability.

Unfortunately, some individuals scam veterans or their surviving spouses by charging them fees to prepare or file a claim.



Tips for avoiding VA pension benefits filing scams

- Be aware that an individual generally must be accredited by VA to assist you in preparing and filing a claim. To find an accredited attorney, claims agent, or veterans service organization (VSO), visit VA's Accreditation Search page at **va.gov/ogc/apps/accreditation/index.asp**
- Never pay a fee to anyone for preparing and filing your initial claim.
- Although an attorney may charge a consulting fee for advising you about the benefits for which you may be eligible, the clock stops running as soon as you indicate your intention to file.

- Avoid attorneys or claims agents who try to market financial products, such as trusts and annuities, in connection with filing your VA claim. Older veterans may face problems with annuities since you may not have access to your funds, should you need them, without paying a costly surrender fee.
- Know that shifting your assets into certain types of investments in order to meet eligibility thresholds for VA pension benefits could make you ineligible for Medicaid for a period of time.

Pension Advance Scam

Another scam targets older adults who receive either monthly disability compensation or pension payments. The scammer may offer a cash advance on monthly pension payments. These scams are also called “lump sum buyouts.” Whatever the name, these transactions generally are not a good deal for the veteran or other retired government workers who are frequently targeted.

Consider this example:

A veteran received a cash advance of \$73,000 in exchange for his monthly pension payment of \$2,744 for a ten-year period. At the end of the ten years, the veteran’s total repayment is estimated as \$256,293. This translates to an annual interest rate of 44.5 percent.



Tips for avoiding the pension advance payment scam

Know that pension advance payment arrangements are very costly loans, and fees can sometimes be hidden.

Say no to arrangements that allow a creditor to access the account where you receive your benefits. This includes joint checking accounts shared with the company that allow the pension advance lender to take monthly withdrawals to pay for interest and other fees.

Remember that your military benefits cannot be garnished by a lender.

Remember that your military benefits cannot be garnished by a lender. Some pension advance lenders know this, so they may require you to take out a life insurance policy with the company as beneficiary.

If you're facing a financial emergency, professional financial coaches are available. Some non-profit credit counseling agencies charge sliding-scale fees so that consumers

can afford their help. A professional can help you plan for future financial needs and goals.

Three ways you can protect your retirement pension:

- Avoid loans with high fees and interest. Pension advance companies may not always advertise their fees and interest rates, but you will certainly feel them in your bottom line. Before you sign anything, learn what you are getting and how much you are giving up.
- Don't sign over control of your benefits. Companies sometimes arrange for monthly payments to be automatically deposited in a newly created bank account so the company can withdraw payments, fees and interest charges from the account. This leaves you with little control.

- Don't buy life insurance that you don't want or need. Pension advance companies sometimes require consumers to sign up for life insurance with the company as the consumer's beneficiary. If you sign up for life insurance with the pension advance company as your beneficiary, you could end up footing the bill, whether you know it or not.

Where to Get More Information or Assistance

For more information review the CFPB's consumer advisories **Protect Your Retirement Pension** [go.usa.gov/x9H2c](https://www.consumer.ftc.gov/articles/0349-protect-your-retirement-pension) and **3 Pension Advance Traps to Avoid** [go.usa.gov/x9H2T](https://www.consumer.ftc.gov/articles/0349-3-pension-advance-traps-to-avoid). The U.S. Administration on Community Living's Pension Counseling and Information Program currently serves 30 states and provides free legal assistance to individuals who are facing a problem with their pensions. For more information, visit [pensionhelp.org](https://www.pensionhelp.org) or call 1-888-420-6550.

For help understanding VA benefits, visit [va.gov](https://www.va.gov) or call 1-800-827-1000. Also, visit the Federal Trade Commission at [consumer.ftc.gov/articles/0349-veterans-pensions](https://www.consumer.ftc.gov/articles/0349-veterans-pensions).