



VETERANS FINANCIAL, INC.

**U.S. Senate Special Committee on Aging  
Hearing**

**VA Aid and Attendance Program  
June 6, 2012**



I would like to start by taking a moment to thank the Special Committee on Aging, including Senator Bob Casey from my great state of Pennsylvania, for inviting Veterans Financial, Inc. to address the GAO Veterans' Pension Benefits Report. While I concur with many of the issues and concerns raised as well as some of the recommendations, I believe my testimony will give the Senators a better understanding of how private companies are playing a key role in educating Veteran families about this VA benefit to which they are entitled.

Let me first give you a brief background of my company, Veterans Financial, Inc. We are a national organization working throughout the country. To date, we have educated just over 69,000 veteran families about the VA's Aid & Attendance Pension from the Department of Veterans Affairs. Callers are referred to our 800# from a variety of different sources but primarily assisted living directors, eldercare professionals, workshops and the Internet. All 69,000 families have been helped at no cost to the family or any third party and without regard for their need of financial planning services.

The majority of families we come in contact with did not know there were VA benefits available to help pay for long term care expenses prior to being referred our company, yet It has always been Veterans Financial's belief that the VA wants all who are entitled to Aid and Attendance to receive it. Veterans Financial and the 200 other companies and attorneys surveyed for today's report are creating an awareness that otherwise wouldn't exist.

However, as with any industry there are those who perform their duties with responsibility and diligence and others who are more concerned with what is in their best interest rather than their clients. Several such examples are referenced in the GAO's report, including advising claimants to report erroneous care expenses, failing to submit an application to the VA because the family did not take the planners advice, and charging astronomical fees for trusts or other work. This behavior is despicable and embarrassing to companies like mine who go to great pains to ensure that things are done ethically and in compliance with VA regulations. I trust that you have selected my company to testify today because you believe we have acted in good faith with our marketing efforts, promise of genuine assistance and excellent follow-through to all Veteran families. See today's exhibits for examples of the full disclosure in our marketing materials.

While I cannot speak to the experiences of other organizations and attorneys, the typical caller to Veterans Financial is not similar to those referenced in the GAO report that transferred \$500,000 or \$1,000,000 prior to applying for benefits. Our typical caller is the child of a veteran or surviving spouse who has begun the search for assisted living or home care and realized that the monthly fees far exceed their parent's income and have savings significantly lower than the VA's arbitrary threshold of \$80,000. For these families Veterans Financial becomes a source of invaluable information and great relief when they learn Mom or Dad may be eligible for Aid and Attendance and therefore can afford the care they need without having to go into a Medicaid nursing home, somewhere they don't currently belong. To this point, we have countless letters of thanks and praise from people in all walks of life.

The GAO's report suggests that the type of financial planning my firm does as well as trust creation by attorneys is a rampant practice. The reality is the average assisted living resident is 87 years old with \$1,583 of monthly income according to data provided by ALFA. At the same time they are paying \$3,300 per month for assisted living according to Glenworth's 2012 Cost of Care Survey which does not include Medicare Supplements, prescription medications, co-pays and other expenses while having long since diminished or exhausted whatever saving they had when they retired at 65. Of the tens of thousands of families we have spoken with, less than 2% transfer assets out of their name in order to become eligible. The other 98% were financially eligible without transferring assets or had significant assets and elected not to apply for benefits.

I also see that the report references attorneys who promote the use of trusts for VA planning while warning that annuities make people ineligible for Medicaid. It is necessary to point out to the Committee that a transfer to an annuity into the children name starts the same 5 year look back that a transfer to a trust does. Both strategies create a period of ineligibility and in both cases, the family has to wait no longer to become Medicaid eligible then had they done no planning at all.

It is also key to understand that permitting families to receive Aid and Attendance as early as possible allows seniors to remain private pay significantly longer. Forcing them to wait until they are nearly destitute will mean that Aid and Attendance is too little too late. Social Security and VA Pension is not enough to pay for care. Without adequate savings to supplement their expenses, most will have no other care option than a Medicaid facility. It seems as if in this conversation Medicaid is seen as the optimum alternative to private pay assisted living when in reality the cost of a skilled care is nearly double that of a private pay assisted living. Changes to the current system will not save the government money, but instead cause more seniors to join the Medicaid rolls adding additional stress to our current budgetary constraints.

I would propose to the Committee that the VA work with the private sector to develop a best practices policy which will ensure our nation's veterans receive only ethical, accountable assistance as well as to level the playing field from provider to provider. Families should not have to search to find a company or attorney charging the lowest fees, as if they were shopping for a new car. I would personally offer my experience and time to work with the Office of General Council in developing such a system and a means for implementation across the United States.

One final thought, all Veterans benefits including Compensation, Pension, Housing, Healthcare, Job Training and Education programs have been set in place to prevent our nation's veterans and their families from becoming destitute. As John Gingrich, Department of Veterans Affairs Chief of Staff expounded upon in his reply last month to the GAO, "VA's improved pension program was designed by Congress to provide economic security to financially disadvantaged wartime Veterans and their surviving spouses without delay." Be very cautious about turning this valuable Pension into a welfare program with an arduous approval process that only helps those completely impoverished. Our veterans, who risked their lives for this country and our freedom, deserve better than that.

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Veterans Financial, Inc.