Elder Financial Abuse - Other Financial Schemes

Seniors have two major fears: the fear of outliving their savings and the fear of going into a nursing home. Because of these fears, seniors have become easy targets for professional financial predators. Financial predators are using the seniors’ need for information about long term care Medi-Cal, living trusts, and the Veterans Affairs Aid and Attendance Benefits as opportunities for swindling seniors. The predators are savvy salespersons who use TV and radio advertisements, direct mail, and telephone solicitations to lure seniors into attending “free seminars”. Although enticing, seniors should avoid being tempted and stay as far away as possible from these “free seminar” and unscrupulous agents.

Long Term Care Medi-Cal Benefit Qualification Hustles

Many seniors are confused about qualifying and applying for long term care Medi-Cal. Various groups and independent sales agents are taking advantage of seniors’ lack of understanding about Medi-Cal in order sell services and products to “pre-qualify” seniors for Medi-Cal. The prices for their services generally range from $5,000 to $20,000, and the products being sold generate large commissions. The prices for these services are typically two-thirds higher than what a licensed estate planning attorney would charge. The price discrepancy can be attributed to the salesperson’s marketing skills that result in high commissions, not the quality of their services or products.

The groups and individuals pitching Medi-Cal qualification strategies use false and misleading information about nursing home care and costs that is meant to engender fear and anxiety. Seniors are routinely lied to about the probability of entering a nursing home, the potential length of stay, the financial consequences, the availability of nursing home beds, and how nursing homes interact with Medi-Cal. The groups and individuals selling application services for long term care Medi-Cal know that it is essential to make the process seem overly complicated in order to justify their large fees.

Consumers are encouraged to review materials on Medi-Cal for Long Term Care on CANHR’s website, and to consider retaining an elder law attorney expert in estate planning through CANHR’s Lawyer Referral Service.

Trust Mills

Beware of “living trust mills” salespersons! Thousands of senior citizens and other members of the public have been solicited by salespeople calling themselves “Senior Advisors” or “Medi-Cal Specialists” and have been invited to attend free seminars. These seminars conducted by so-called “experts” promote the purchase of various estate planning services, including legal and tax counseling, the review of legal documents, and the preparation of new wills, trusts, and other estate planning documents including annuities. (Refer to CANHR’s website section on Annuities for more information.)

Seniors are often sold trusts that they do not need or are scared into buying annuities as a way of
protecting their home and other assets from the threat of future estate claims by Medi-Cal. Such investments are often sold by inadequately trained personnel and are sold without proper disclosure or without regard to the suitability of the investment. Senior citizens have suffered financial losses and have had their applications for long term care Medi-Cal adversely affected by purchasing products from “trust mills.”

Consumers are encouraged to review materials on Medi-Cal for Long Term Care on CANHR’s website, and to consider retaining an elder law attorney expert in estate planning through CANHR’s Lawyer Referral Service.

**Veterans Affairs Aid and Attendance Benefits Scams**

The VA’s Aid and Attendance Benefits are for veterans with limited income and assets who need financial help for in-home care, to pay for an assisted living facility or a nursing home. (Refer to CANHR’s Fact Sheet on Aid and Attendance Benefits.)

Like the Medi-Cal pre-qualification scams, the Aid and Attendance scams seek to artificially impoverished veterans with some assets that might disqualify them for benefits with various investment “products” in order to qualify them for these veterans benefits. Although the Aid and Attendance Benefit is meant to supplement the costs of long-term care for low-income veterans and their surviving spouses, groups and independent insurance agents claiming to be “consultants” or “volunteers” are telling veterans with potentially disqualifying assets that, with the right amount of planning, they can become eligible for the Aid and Attendance Benefit.

These veterans are paying thousands of dollars to consultants and are being manipulated into believing that it is in their interest to lock up all of their excess assets in an “irrevocable trust” or deferred annuity. The irrevocable trust can have an adverse impact on the senior’s estate plan, and the annuities will generate handsome commissions for the agents. Veterans need to proceed with caution.